DEPARTMENT OF NATURAL RESOURCES
FY 2013-14 JOINT BUDGET COMMITTEE HEARING AGENDA

Friday, December 7, 2012
1:30 pm – 5:00 pm

1:30-1:45 INTRODUCTIONS AND OPENING COMMENTS

1:45-1:50 QUESTIONS COMMON TO ALL DEPARTMENTS

1. The JBC occasionally hears complaints that base personal services reductions to capture vacancy savings result in more vacancy savings as managers reduce staff to absorb the reduction and then still experience turnover. Some departments refer to this as the "death spiral." Has your department experienced this problem? How does your department attempt to minimize and avoid the "death spiral?"

1:50-2:00 STATUS OF THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND

<u>ISSUE: Status of the Operational Account of the Severance Tax Trust Fund – Impact on LEAP Programs</u>

2. Although the Front Range is experiencing growth in oil and gas development, severance tax revenues remain relatively low, resulting in significant reductions to programs funded from the Operational Account of the Severance Tax Trust Fund. One factor affecting severance tax revenues is the ad valorem tax credit. Please discuss the impact of the ad valorem tax credit on severance tax revenues, including the likely effects of new oil and gas development continuing to shift to the Front Range.

2:00-2:10 QUESTIONS ASSOCIATED WITH THE DIVISION OF RECLAMATION, MINING, AND SAFETY

3. For FY 2013-14, the Department request would temporarily "repurpose" $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 (DRMS). The request would eliminate state funding for the Inactive Mines, Abandoned Mine Safety line item, which safeguards mine openings, for FY 2013-14 and use those funds to support development of the requested system. The Department has indicated that eliminating the state funding for the year would delay the safeguarding of approximately ten mine openings. Please discuss the public safety risk associated with that delay.

4. Rather than reallocating the Abandoned Mine Safety funding, could the Department use a temporary fee on the industry to pay for system development? Please discuss the potential to use such a fee and the estimated magnitude of a fee sufficient to support system development.

DEPARTMENT OF NATURAL RESOURCES
FY 2013-14 JOINT BUDGET COMMITTEE HEARING AGENDA

Friday, December 7, 2012
1:30 pm – 5:00 pm

1:30-1:45 INTRODUCTIONS AND OPENING COMMENTS

1:45-1:50 QUESTIONS COMMON TO ALL DEPARTMENTS

1. **The JBC occasionally hears complaints that base personal services reductions to capture vacancy savings result in more vacancy savings as managers reduce staff to absorb the reduction and then still experience turnover. Some departments refer to this as the "death spiral." Has your department experienced this problem? How does your department attempt to minimize and avoid the "death spiral?"**

   Generally speaking, the Department has not experienced the "death spiral" described in the question. Indeed, Executive Branch agencies have certain flexibilities in administering an appropriation, while living within the constraints of a given appropriation. The Department has generally been able to successfully administer its programs with the appropriations it has been given.

   Within DNR, the agency most heavily hit by budgetary reductions is the Division of Water Resources. About 75% of the Division of Water Resources budget is spent on personal services and associated benefits such as Health, Life, and Dental Insurance. The Division of Water Resources has also been the single biggest recipient of General Fund in the Department of Natural Resources in recent years and, as of today, is the only agency receiving General Fund in DNR. As such, when the Department has been asked to come up with General Fund savings for budget balancing purposes, it has been inevitable that some of those reductions have come from DWR personal services. Between budgetary reductions required to help balance the State's General Fund budget and the impact of vacancy savings reductions, there have been significant impacts to the Division of Water Resources. As a result, the Division of Water Resources estimates that roughly 20.0 of its 242.1 appropriated FTE under the Personal Service line item cannot be funded within existing resources. In fairness, these unfunded FTE have come to exist for a variety of reasons, including: (1) General Fund reductions proposed by the Department to help the State balance its General Fund budget; (2) vacancy savings reductions imposed by the General Assembly; (3) the high proportion of DWR employees that have been with the agency for a long time period and lower than average turnover in these positions, and; (4) employment and salary decisions made by the DWR.

While the DWR is not in a death spiral, the Division is very close to a critical mass in terms of having the appropriate sized workforce required to perform its statutory duties. An additional reduction of 1% on this agency would essentially de-fund 1% of its 242.1 FTE or another 2-3 positions. In fact, if the Division were to eliminate lower level positions, a 1% reduction might eliminate more than 2-3 positions. Given the many facets and complexities of water administration in Colorado, the large number of water rights held by individuals and businesses, the large land mass over which water is administered, and the complexity of Colorado's interstate water compacts, the Division is already stretched thin from a staffing standpoint. Additional reductions will further challenge the Divisions' ability to meet statutory mandates and performance objectives. Given the legal and economic importance of intrastate water compacts and administration of water rights within Colorado, any and all potential reductions to the Division of Water Resources budget (whether through vacancy savings reductions or otherwise) should be carefully considered.

Preventing the "death spiral" requires aggressive management to the appropriation. While this often means leaving positions vacant longer, the Department has also been actively pursuing efficiencies such as eliminating non-essential positions in the Executive Director's Office, the Colorado Geological Survey, and in the newly merged Division of Parks and Wildlife. Budgetary restraints also place pressure on the Department to hire at the lower end of the range, to reduce the use of temporaries and contract employees, and to achieve other cost savings.

1:50-2:00 STATUS OF THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND

ISSUE: Status of the Operational Account of the Severance Tax Trust Fund – Impact on LEAP Programs

2. **Although the Front Range is experiencing growth in oil and gas development, severance tax revenues remain relatively low, resulting in significant reductions to programs funded from the Operational Account of the Severance Tax Trust Fund. One factor affecting severance tax revenues is the ad valorem tax credit. Please discuss the impact of the ad valorem tax credit on severance tax revenues, including the likely effects of new oil and gas development continuing to shift to the Front Range.**

Under Section 39-29-109 (2), C.R.S., oil and gas producers may claim a credit against their severance tax liability equal to 87.5% of the property taxes they have paid. Including all exemptions and credits, the net effective tax rate on oil and gas productions varies between about 0.5% and 2.0% statewide. That stated, the effective rate in Weld County and other Front Range counties with high property tax rates is likely significantly lower than the statewide average. In 2006, in a report to the Members of the Interim Committee to Study the

Allocation of Severance Tax and Federal Mineral Lease Revenues, Legislative Council Staff stated that "Weld County is a relatively small contributor to state severance tax revenue because of its high mill levy, higher estimated ad valorem tax credits, and higher percentage of production from stripper wells." The report went on to estimate that no severance tax revenue at all was generated in Weld County in three of the five years between FY 2001-02 and FY 2005-06. More broadly, it was estimated that 1.85% of all Oil and Gas related severance tax collected in Colorado was paid by Weld County during the FY 2001-02 to FY 2005-06 time period. In contrast, during this same time period, Weld County was responsible for over 17% of the State's total natural gas production (in fact, Weld County was probably an even higher percent of active wells). It is important to understand what is happening in Weld County because: (1) it is one of the highest producing natural gas counties in the State and is the highest producing county in the Front Range; (2) a significant portion of the Niobrara formation in Colorado lies in Weld County, and; (3) what is happening in Weld County is, to a lesser extent, happening in many other Front Range counties.

Given these types of statistics and factors, the Department of Natural Resources and others have been trying to temper expectations about severance tax revenue that will come from the new drilling that is occurring in the Niobrara Formation and in other Front Range locations. While it might be unreasonable to think that no severance tax revenue will be generated from this Front Range activity, significant new severance tax revenue is not likely to be generated unless there is a major change in either volume produced and/or the price of oil and gas.

2:00-2:10 QUESTIONS ASSOCIATED WITH THE DIVISION OF RECLAMATION, MINING, AND SAFETY

3. **For FY 2013-14, the Department request would temporarily "repurpose" $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 (DRMS). The request would eliminate state funding for the Inactive Mines, Abandoned Mine Safety line item, which safeguards mine openings, for FY 2013-14 and use those funds to support development of the requested system. The Department has indicated that eliminating the state funding for the year would delay the safeguarding of approximately ten mine openings. Please discuss the public safety risk associated with that delay.**

The Division's Inactive Mine Reclamation program was established in 1980 to address the hazards arising from abandoned mines in Colorado. Since 1955, there have been 20 deaths, 23 injuries and 11 human rescues associated with abandoned mine hazards in Colorado. Since 2003, there have been no deaths or injuries, and only 3 human rescues. As of October 2012, the Inactive Mine Reclamation Program has completed the safeguarding of 8,073 hazardous abandoned mine openings, and it is estimated that over 16,000 openings remain to be safeguarded. Currently the program is averaging from 350 to 400 features completed per year. Funding for safeguarding openings comes from Severance Tax and federal funds from the Office of Surface Mining, the Bureau of Land Management, and the U.S. Forest Service. Federal funds to the Inactive Mine Reclamation Program will be at an elevated level in 2013-2014 (due to the Office of Surface Mining paying out funds owed to the State in previous years), providing an optimal time to repurpose the funds for a single fiscal year.

Repurposing these severance tax funds would delay the safeguarding of approximately 8-10 openings out of the potential 400 closures in FY 2013-14. The program would only delay safeguarding hazardous mine features in lower priority, less-visited locations, or features far from roads and trails. Delayed closures would not include any mine hazards located on public lands. Closure of hazardous mine features in areas around cities, towns and popular hiking and recreational destinations would not be delayed and sudden emergency situations would continue to have a high priority. These prioritization measures will minimize, as much as possible, the public safety risk associated with the delaying of safeguarding 8-10 openings.

4. **Rather than reallocating the Abandoned Mine Safety funding, could the Department use a temporary fee on the industry to pay for system development? Please discuss the potential to use such a fee and the estimated magnitude of a fee sufficient to support system development.**

Implementation of this idea would require legislation, as fees are set in statute. Given the current economic conditions, and the amount of effort that would be required to adjust fees for one year and collect the $99,000 requested, the Department is reluctant to pursue fee increases for this project. The Operational Account of the Severance Tax Trust Fund is an appropriate source to finance this project and is partially funded by the operators that would benefit from this change. The industry supports e-permitting but may feel that it is unfair to have the current permit applications bear the cost with a surcharge or fee for this long term operational change. Local governments may also find the increased costs for their sand and gravel operations to be burdensome. Additionally, the revenue collections from a surcharge/temporary annual fee increase implemented in FY 2013-14 would not cover the requested $99,850 until June 2014, which would effectively delay implementation of e-permitting by a year. The increase to annual fees to cover the requested amount would range from $9.33, on an $86 exploration annual fee, to $124.82, on a $1,150 designated mining operation annual fee, per type of mining permit and based on a current active mine count of 1,723.

5. **If the electronic permitting system will increase efficiency within the DRMS, could the Department capture sufficient savings to fund system development?**

The funds to implement e-permitting are required up front in order to purchase IT programming services to convert all current forms to electronic versions and to link each one to the current mine permit database and the document imaging system. The Minerals Program's base budget does not currently have adequate funds to finance the $99,000 without this request.

There are two main types of efficiencies expected from this conversion to electronic permitting as discussed in more detail below. The first type of efficiency will be experienced by mine operators when the system will not allow them to submit incomplete applications. This will lead to quicker processing of applications. The second type of efficiency will be experienced by Division staff and will reduce the time spent on hand entering data and scanning documents into the imaged filing system. This will allow staff to focus their time on reviewing applications and inspecting mines. It is not anticipated that this efficiency will be significant enough to eliminate a position.

Mining permit applications, revisions, and annual reports are currently only accepted in paper, causing the following inefficiencies:

- Applicants incur cost and time delays preparing and mailing paper copies when the original documents are created in an electronic format, along with production start up delays if permit documents are incomplete; and
- Minerals program staff spend time on redundancies of hand-entering data from paper submittals, or tracking electronic documents sent in e-mails into the permit tracking database and scanning paper documents into the imaged filing system. Other inefficiencies exist in handling incomplete application packets and cash fees payment handling.

E-permitting improves customer service and responsiveness. As mine operators convert to the e-permitting option, the following efficiencies will be phased in:

- E-forms will have required fields "flagged" and won't allow submittal if sections are incomplete, reducing delays in review/ approval time;
- Improved timeliness for mine operators to proceed with new or revised mining operations as incomplete submittals are reduced or avoided;
- Data in the forms will be linked to current databases saving staff time from redundant data entry and possible errors; and
- Forms will be pre-indexed and linked directly to the image server where all permit documents are stored, eliminating staff time for scanning and filing paper documents.

2:10-2:30 QUESTIONS ASSOCIATED WITH THE COLORADO GEOLOGICAL SURVEY

ISSUE: Colorado Geological Survey Transfer to the School of Mines (H.B. 12-1355 Update)

6. **Pursuant to H.B. 12-1355, the Colorado Geological Survey will transfer to the Colorado School of Mines on January 31, 2013, if the Department of Natural Resources and the School of Mines sign a memorandum of understanding (MOU) by December 31, 2012. Please discuss the current status of the MOU, specifically including: (1) the functions that will be transferred to the School of Mines and continue to be supported with severance tax funds; (2) the functions that will no longer be supported with severance tax funds and will be effectively terminated unless alternative funding sources are found; and (3) the plan (under the anticipated MOU) to support ongoing work associated with carbon sequestration and geothermal energy research that will no longer receive severance tax funding.**

   (1) Functions that will be transferred to the School of Mines and continue to be supported with severance tax funds include providing local planners, local elected officials and the private sector with land-use reviews to reduce or eliminate vulnerability to geologic hazards, and to determine areas of hazards that could threaten public safety or result in economic loss to the citizens of Colorado. This includes but is not limited to defining and mapping geological hazards; creating guidelines for land use in natural hazard areas; designating suitable areas for hazardous waste disposal; and preparing, publishing and distributing reports, maps and bulletins related to geologic hazards.

   (2) Functions no longer supported with severance tax funds include water resources, energy, and minerals. More specifically, working to define and map groundwater; advising state & local governments on ground water quality and quantity; updating maps of commercial mineral deposits and reporting on the status of the mineral industry; analyzing, advising and reporting on the quantity, composition, and properties of energy resources; and reporting on the status of the energy industry.

   (3) The two positions dedicated to work associated with carbon sequestration and geothermal energy will be transferred to the School of Mines in order to fulfill terms of current grant/contracts. The School of Mines will begin working with the employees in these positions to identify opportunities that may exist to continue these functions in the future.

7. **According to page 22 of the Joint Budget Committee Staff Briefing document pertaining to the Colorado Geological Survey, the anticipated MOU would eliminate funding for the Geological Survey's work mapping and reporting on Colorado's energy and**

minerals industries. How does the Department intend to archive all of the information collected and reported to date? Will existing data, maps, and reports remain available to the public?

All information currently available from the CGS will be transferred with the Survey to the School of Mines. Existing data, maps, and reports will remain available to the public. Information that is currently available for free on the CGS website should remain available after the transfer. Similarly, information that is currently available for purchase as a publication should remain available for purchase after the transfer. As such, existing data, maps, and reports will remain available to the public without change (much of this information will be available through the CGS website). As a result of the budget reductions being implemented by the Department, new maps and reports related to water resources, energy, and minerals will no longer be produced (see Question #6 for additional details on programs that will no longer be funded). As an example of this, annual mineral and energy reports will no longer be compiled. However, much of the raw data will remain available electronically through the Oil and Gas Conservation Commission and the Division of Reclamation, Mining, and Safety.

8. **The anticipated MOU would retain the Colorado Avalanche Information Center (CAIC) within the Department of Natural Resources, which would require legislation. Please discuss the reasons for retaining the CAIC within the Department and the Department's preferred "location" within the Department? For example, does the Department intend to incorporate the CAIC into the Executive Director's Office?**

The CAIC serves to protect people and property by reducing or eliminating short and long-term risks from avalanches. The mission focuses specifically on safety for recreation and transportation. CAIC staff operates remote instrumentation and spends a significant amount of time in the field. They support backcountry rescue operations, which require rapid response as well as maintaining appropriate skills and equipment. These functions are consistent with the missions and capabilities of programs within DNR. In addition, CAIC is an operational weather and avalanche forecasting group. The scientific work performed by the CAIC is operational, applied science as opposed to research science which is the core function of the School of Mines.

The Department's preference is to move the CAIC into the Executive Director's Office. Both for transparency and because it is programmatically different, the Department would propose that the CAIC continue to have its own Long Bill line item. The Department's preference to locate CAIC in the Executive Director's Office reflects, in part, that administrative support of the CAIC will be provided by accounting, budget, and purchasing staff located in the Executive Director's Office.

9. **Please provide more background on the Geological Survey's collection of minerals and energy activities data. How long has the Geological Survey collected this information, and what is the path forward to continue to make information available to the public, including future production data?**

Since the first Survey was established in 1908, some production and availability data for mineral (and later, energy) resources has been collected, though some data sets are not continuous. The first Survey was replaced by various boards in the late 1920's until the second Survey was established in 1967. Data was not collected during the years CGS was not in existence. Some data is in numerous different datasets and/or obsolete formats and not accessible to the public. CGS has consolidated and converted some of this data and made it available online. This project has not been completed for all mineral and energy resources but source data will be preserved. If and how future production data will be handled has yet to be determined.

2:30-3:00 QUESTIONS FOR THE OIL AND GAS CONSERVATION COMMISSION

ISSUE: Oil and Gas Development – OGCC Request for 5.0 Additional FTE

10. **The General Assembly appropriated an additional 7.0 FTE to the OGCC during the 2012 Session, including 2.0 local government liaisons, 2.0 field inspectors, 1.0 hearings officer, 1.0 environmental protection specialist, and 1.0 engineer. Please explain the status of those positions and whether those positions were directly related to hydraulic fracturing. In addition, please discuss whether and how the FTE added last year have helped increase the frequency of inspections in FY 2012-13.**

The table below summarizes the status of each new position.

Position	**Status**
Field Inspector #1	April 16 – started working
Local Government Liaison #1	August 1 – started working
Local Government Liaison #2	August 1 – started working
Environmental Protection Specialist II	August 1 – started working
Hearing Officer II	August 1 – started working
Engineering Technician	November 1 – started working
Field Inspector #2	Testing completed. Interviews are ongoing, due to difficulty in attracting qualified candidates to the Rifle area.

None of the seven new positions is directly related to hydraulic fracturing, but the need for some of them was heightened by public concern over the safety of this technology. The local government liaisons, for example, were needed to enhance communication between the OGCC and local governments and improve the agency's responsiveness to local concerns over hydraulic fracturing.

The new engineering technician is assisting with the processing of well completion and well abandonment reports, providing the professional engineers with more time to focus on technical evaluations of horizontal drilling and completion plans to ensure existing wells are not impacted by hydraulic fracturing.

In regards to the new environmental specialists, the public perception about hydraulic fracturing lead to increased concerns about groundwater quality in water wells near oil and gas facilities. This resulted in more requests for the Environmental Staff to collect water samples. In addition, the oil and gas industry developed a program for baseline sampling through the Colorado Oil and Gas Association (COGA). This voluntary program specified submitting all groundwater data to OGCC, which must be managed and analyzed.

The frequency of inspections in FY 2012-13 has increased slightly over FY 2011-12, primarily due to additional FTE and stable staffing of existing positions. High turnover of inspection staff in FY 2011-12 affected five positions, resulting in vacancies equivalent to 1.0 FTE. In FY 2011-12, 10,753 inspections were conducted on the 47,860 active wells for a frequency rate of once every 4.5 years.

The inspection staff is currently on target for 13,000 inspections in FY 2012-13. At this pace, and using the currently projected 51,500 active wells by year-end, the inspection frequency for FY 2012-13 would be once every 4.0 years. The OGCC expects that rate to improve, however, when the second new inspector position is filled.

11. **The FY 2013-14 request includes 3.0 new field inspector FTE, with a goal of inspecting each active well statewide, on average, every three years. Please explain how the requested FTE would affect the frequency of inspections. Is the Department confident that the requested FTE will allow well inspections to be completed in a timely manner? How many additional FTE would the Oil and Gas Conservation Commission need in order inspect every well annually?**

By increasing the inspection staff and, thereby, reducing the average number of wells assigned to each inspector, the frequency of inspections in FY 2013-14 should theoretically improve to about once every 3.8 years, slightly better than the FY 2012-13 rate of once every 4.0 years, as discussed above. Assuming the state has about 53,000 active wells in FY 2013-14 and each inspector averages about 800 inspections per year, about 66 inspectors, or 50 more than the OGCC currently has, would be required to inspect each active well, on average, once per year. However, the number of inspectors needed to ensure that *every well was inspected every year* would be considerably more, because some wells, particularly those that have generated complaints, are inspected multiple times during a single year.

As discussed in the Department's budget request, a target ratio of about 2,500 wells per inspector would allow the OGCC to visit wells more frequently and enforce its rules closer to the level expected by stakeholders impacted by oil and gas activity. The 3.0 requested inspectors would reduce the ratio of wells per inspector from the current 3,200 to about 2,800 in early FY 2013-14. While this would be a significant improvement, the Department still cannot ensure that every well will be inspected once every three years.

12. A. Please discuss the scope of current field inspections. For example, would current field inspections be likely to find subsurface contamination that was not visible at the surface?

Field inspectors conduct site inspections to ensure that oil and gas operations are being conducted in compliance with state rules, policies, and conditions of approval. Each inspection follows a process that includes physically walking the location, inventorying equipment, and reviewing the operation and maintenance of the equipment. Poorly maintained, improperly operating equipment is recorded as a noncompliance event and a corrective action is assigned. The site is also observed for spills/releases or other indicators of environmental problems, such as unused tanks, containers, unmarked drums, and other issues, such as pooled liquids and stained soils. These noncompliance issues are noted on the field inspection form and a corrective action to clean up the site and/or to remediate a spill/release is made. With each corrective action a scheduled completion date is also issued to the operator. If a reportable spill or release is observed, the corrective action also requires that the operator submit a Spill Report to the OGCC. Environmental staff reviews and decides whether additional investigations of the subsurface are warranted. If groundwater impacts are suspected, the OGCC requires groundwater monitoring. OGCC rules also require proper operation and maintenance of all buried or partially buried tanks, vessels, or structures and that this equipment, at the end of its useful life, be taken out of service through the OGCC Site Investigation and Remediation Program. All observations are documented on an electronic inspection form, designed to ensure consistent, reproducible, and auditable results. The form generates a report, emailed directly to the operator that includes all observations and corrective actions, as needed. The process is systematic, consistent and detailed. It does not, however, lead to the routine discovery of subsurface contamination that was not visible at the surface. Including that level of investigation in a routine inspection is discussed below.

B. What additional resources would the Department require to be able to perform more detailed inspections?

Current inspections are extremely detailed. They provide an overall assessment of site conditions, which includes the evaluation of stormwater best management practices, good housekeeping, and reclamation. Wellbore integrity is assessed through a review of production data, as well as equipment operation and maintenance. Data is collected on an electronic form that generates a five to nine page document that is emailed to the operator. The form also uploads the data into OGCC's database for further assessment. When an environmental issue is identified or suspected, the inspection report is also emailed to the OGCC environmental staff putting them on notice to expect a Spill Report or to conduct additional investigative work. This process is similar to the environmental industry's Environmental Site Assessment (ESA) process. During Phase I of this process observations and data are recorded and evaluated for indications of subsurface problems that, if suspected, would be further assessed through a Phase II investigation, which may include the collection of subsurface soil samples and the installation of groundwater monitoring wells. To move some Phase II tasks, such as the collection of subsurface soil and groundwater samples, to the routine field inspection process, additional staffing and a larger environmental budget would be required.

A rough estimate of the additional resources necessary might include: 10.0 environmental protection specialists (EPS IIs) with education, training, and experience in geology, groundwater hydrology, geochemistry and quality assurance/quality control practices to ensure data integrity of the samples; 5 direct push drilling rigs located in various regions around the State to perform the sampling of soil, soil gas, and groundwater; a 2.0 person crew for each direct push rig to operate and maintain the equipment; and 5.0 technicians to manage the underground utility locations that would be required to reduce the potential for fatalities and damage to the oil and gas equipment and to ensure compliance with Colorado Utility Notification regulations. Assuming each two-person crew could sample an average of two locations per day, 230 days per year, five rigs could perform a total of 2,300 subsurface samples per year.

13. The Oil and Gas Conservation Commission has previously signed an MOU with Gunnison County enabling county employees to conduct well inspections. Please discuss that process and whether it could serve as a promising model in other counties.

The Commission may assign its inspection and monitoring function, but not its enforcement authority, through intergovernmental agreement or private contract as specifically authorized by the Colorado Oil and Gas Act (C.R.S. 34-60-106(15)). With Gunnison County, this assignment occurred through an MOU and the development of an Intergovernmental Agreement (IGA). The Gunnison MOU and IGA with the Commission could serve as a model for other local governments; however there are practical and fiscal limitations for the local government and the state to consider.

Gunnison County has 17 active wells to monitor, and their inspector will work only on a part-time basis. The implementation has required substantial time and resources of the OGCC, and, presumably, those of Gunnison County. Some jurisdictions may not have the financial resources or the oil and gas activity to justify entering into similar arrangements. OGCC resources would need to be reevaluated to ensure they could adequately meet the additional needs of similar arrangements. In addition to potential OGCC staffing shortfalls, there are, potentially, some information technology and cyber security issues for the State that would be problematic if the same process and procedures are followed for multiple local governments.

The possibility of other processes or approaches should be considered. Some local governments have very active Local Government Designee (LGD) programs and will notify the OGCC should they observe something that requires inspection or review. The OGCC staff considers these high priority inspections. This more informal approach is something that can be strengthened through the commission's local government outreach programs to address citizen and local government concerns.

14. The Department has reported an increase in reported spills and releases as an indicator of increased workload for the OGCC environmental staff. Please discuss the OGCC's reporting requirements for spills. That is, what events are companies required to report? Are there categories or tiers of spills and releases?

The OGCC reporting requirements for spills are detailed in Rule 906.b. Spills of exploration and production (E&P) waste or produced fluid that exceeds 5 barrels (210 gallons) must be reported on a Form 19. This is the minimum reportable volume for spills that do not threaten waters of the State, residences, occupied structures, livestock, or public byways. Many Operators are proactive and actually report spills of much smaller volumes on Form 19.

Any spills that threaten waters of the State, residences, occupied structures, livestock, or public byways are required to be reported, regardless of the volume.

There is a distinction between spills and releases. Both terms are listed in the definitions section of the OGCC Rules. A spill is any unauthorized sudden discharge of E&P waste to the environment. A release is any unauthorized discharge of E&P waste over time. The key difference is that a spill is "sudden" and a release is something that may have occurred slowly over time.

15. As shown in the graph on page 28 of the Joint Budget Committee Staff Briefing Document pertaining to the OGCC, dated November 27, 2012, the Department is reporting increases in both reported spills and submitted remediation plans. The Department appears to have experienced a significant increase in the submission of remediation plans in FY 2009-10. Please explain that increase.

The increase in remediation plans observed in FY 2009-10 reflect a period of time of increased production facility updates in the Wattenberg field and increased pit upgrades and closures in all areas of the State. The production facility updates coincided with the new Niobrara drilling, and the pit closures were related to the new pit requirements contained in the FY 2008-09 rulemaking.

During facility upgrades, many historic releases are discovered. One example would be the discovery of stained soil beneath a tank battery. The Operator would fill out a Form 27 to document the release and provide a plan for cleanup. The same process may occur when closing a pit.

16. Please discuss the current structure of fines and penalties for spills and releases, as well as other violations regulated by the OGCC. How much revenue is collected for OGCC fines and penalties? Are fine revenues used to support OGCC operations?

Fine and penalties are defined in the Colorado Oil and Gas Act, § 34-60-121, C.R.S. and a base fine schedule is set forth in Rule 523.

Generally, any operator who violates a provision of the Act shall be subject to a penalty of not more than $1,000 for each act of violation per day that such violation continues. For a violation that does not result in significant waste of oil and gas resources or damage to correlative rights or does not result in a significant adverse impact on public health, safety, or welfare, the maximum penalty shall not exceed $10,000.

In fiscal years 2010-11 and 2011-12, the COGCC collected $690,500 and $426,350, respectively, in fines and penalties. This money, which is deposited into the Oil and Gas Conservation and Environmental Response Fund, is used by the OGCC to investigate, prevent, monitor, or mitigate conditions that threaten to cause, or that actually cause, a significant adverse impact on any air, water, soil, or biological resource. It is also used to investigate alleged violations and to gather baseline data on any air, water, soil, or biological resource that the OGCC determines may be impacted by oil and gas activities.

Fine revenues are not used to support staffing and other general program costs, such as hearings, information technology, vehicles, inspections, training, and equipment.

17. **The Department also discusses the number of "active wells" statewide as an important workload measure for the requested positions. Please define "active well." That is, at what point in the drilling/production process does a well become "active" for workload measure purposes?**

A well is considered "active" from the time it has been started, or "spud", to the time it has been plugged and abandoned. An approved permit to drill is not considered an active well, because there is no physical well structure until the well is spud.

Using active well counts as a workload measure is key because inspectors are needed for monitoring, environmental specialists are required for investigations and remediations of impacts, and engineers are needed for well and facility equipment evaluations. If industry adds approximately 3,000 wells per year to the active well count, which is currently about a 6% annual increase, the increase to OGCC's workload is relatively proportional.

18. **The Department is requesting sufficient resources to hire all of the requested positions at salaries above the range minimum, and has indicated that the requested salaries are based on the salaries required for recently hired positions. The General Assembly approved salaries above the range minimum for the 5.0 FTE approved for FY 2012-13. Please discuss whether the FY 2012-13 appropriation enabled a successful hiring process.**

With the exception of the West Slope field inspector position, the FY 2012-13 appropriation enabled a fairly successful hiring process. Most positions were filled at or near their appropriated salaries. Recruiting qualified candidates for any position that requires living in the Rifle area has traditionally been a challenge for the OGCC. Even the salary range maximum is too low to attract qualified candidates, who are typically earning much higher wages in the industry. The few candidates that the OGCC does attract live either too far away, and are not willing to relocate for the salary offered, or they meet just the bare minimum qualifications for the position, requiring extensive training.

In contrast, the OGCC hiring process for Front Range inspectors typically nets one to three qualified candidates. The biggest challenge for this area is retention; because once these inspectors are fully trained they are offered much higher salaries by industry.

3:00-3:20 QUESTIONS FOR THE STATE BOARD OF LAND COMMISSIONERS

ISSUE: State Land Board Initiatives and the FY 2013-14 Request

19. **The Joint Budget Committee Staff Briefing Document including the State Board of Land Commissioners (SLB) includes discussions of the SLB's request for 2.0 additional FTE and associated resources to attempt to diversify SLB revenues. The Department's goal**

is to double recreation leasing revenues by FY 2017-18. With declining participation in hunting, please discuss how the SLB intends to increase recreation revenues.

Hunting is certainly an important component of Colorado's robust and diverse outdoor recreation market and has been an important part of the State Land Board's recreation program. Other potential recreation categories that the State Land Board can pursue include private outdoor education providers, outdoor skills training schools, dude ranches, summer camps, RV/campground operations, outdoor adventure tours, and ecotourism operators. With more than 2.8 million surface acres throughout the state, the State Land Board is well positioned to provide a wide diversity of resources for users and operators. Through a decision item, the State Land Board is asking for funding so that the division could more proactively seek out additional recreational leases and pursue other strategic new lines of business. With its existing resources, the State Land Board does not have much expertise in recreational leasing. Given this, recreational leasing is generally done only in direct response to request from an outside party for such leasing.

20. **Please discuss the SLB's management of forested lands. Could the agency increase revenues by changing its management of timber?**

The State Land Board contracts with the Colorado State Forest Service (CSFS) to manage timber resources on all forested state trust lands, which total more than 350,000 acres. For many years, the State Land Board received consistent revenues from timber sales conducted by the CSFS including the sale of beetle kill timber. However, as noted by JBC staff, timber revenues have declined substantially over the past five years with the economic downturn and the lack of a viable timber market in Colorado.

The State Land Board has participated in several bio-mass and statewide forest health initiatives with CSFS, DNR, and several other forest agencies but these discussions have not ultimately yielded any revenue. Although not specifically called out in the request, the State Land Board will use the requested new FTE in the Strategic Business Initiatives decision item to explore and identify new ways to generate revenues related to timber management. Of particular interest will be those timber management strategies which enhance the stewardship of the State Land Board's assets.

21. **Under current law, the SLB receives $5.0 million per year for the Investment and Development Fund to invest in properties to increase returns. Please discuss the interaction between the Investment and Development Fund and the request for additional staff to diversify the SLB's revenue streams.**

The Investment and Development Fund was created to preserve and enhance the value and income from the State Land Board's existing physical assets. While there may be some latitude in statute to hire staff and contract for services that support individual enhancement projects, the State Land Board believes that is more transparent to the General Assembly, our beneficiaries, and the public to specifically request permanent FTEs and permanent funding through decision items and to show these in the Long Bill, if they are approved.

22. **Current SLB revenues rely heavily upon oil and gas, specifically on one-time bonus payments for oil and gas leases. If a company leases SLB land for oil and gas development but does not develop the lease, does the lease effectively expire? Is that land then available to auction again?**

Yes, oil and gas leases expire if not developed. The State Land Board's standard oil and gas lease requires the lessee to drill within five years. If that does not occur, in most circumstances the oil and gas lease is terminated and can be auctioned again, if nominated by another operator.

23. **Please explain the SLB's current leasing practices for oil and gas. Specifically, are lessees leasing specific "zones" or strata for oil and gas production, or do the leases allow access to all resources under a given area of land?**

The State Land Board's standard oil and gas lease (effective April 2011) provides lessees access to all oil and gas zones. If the resource has not been fully developed with certain time periods, the State Land Board has the ability to force surrender of the undeveloped acreage.

3:20-3:35 BREAK

3:35-4:15 QUESTIONS FOR THE DIVISION OF PARKS AND WILDLIFE

24. **Can Great Outdoors Colorado (GOCO) Board funds be used to fund municipal parks through local governments? Is the Division of Parks and Wildlife restricted in how it can use GOCO Board funds?**

a) Yes, but primarily through GOCO's "Local Government" grant programs. The Colorado Constitution specifies that the net lottery proceeds distributed to Great Outdoors Colorado must be expended in substantially equal amounts over time in four "quadrants": competitive grants to local governments for parks and outdoor recreation projects; competitive grants for open space preservation; investments in state parks, trails and other programs through the Division of Parks and Outdoor Recreation (now Division of Parks and Wildlife); and investments in wildlife, wildlife habitat and other wildlife programs through the Division of Wildlife (now Division of Parks and Wildlife).

b) Yes, the Division of Parks and Wildlife is restricted in how it can use GOCO board funds. The restrictions derive from Article XXVII of the Colorado Constitution. For Wildlife quadrant funds, the authorized uses of GOCO funds include:
   - Wildlife watching opportunities
   - Educational programs about wildlife and wildlife environments
   - Maintaining Colorado's diverse wildlife heritage, and
   - Protecting crucial wildlife habitats.

   For Parks quadrant funds, the authorized uses of GOCO funds include:
   - Establish and improve state parks and recreation areas
   - Public information and environmental education resources
   - Acquire, construct and maintain trails and river greenways
   - Provide water for recreational purposes.

   The Division submits an Investment Request to the GOCO Board annually that specifically identifies the Colorado Parks and Wildlife projects and programs that will be supported with GOCO funding for the next fiscal year.

<u>ISSUE: Wildlife Cash Fund Performance Audit</u>

25. Provide an update on the progress the Division of Parks and Wildlife has achieved in training Division staff and ensuring accuracy when calculating the unobligated reserve of the Wildlife Cash Fund, as recommended in the May 2012 audit report. Provide a comparison calculation of what the unobligated reserve is for the Wildlife Cash Fund for FY 2011-12, FY 2012-13 estimate, and FY 2013-14 estimate.

Staff training has occurred and is ongoing. Staff has drafted documentation for the policy, process and procedures for producing standardized reports, including the calculation of cash fund reserves. Specific positions have been assigned formal responsibility for preparing reports, quality checking and reviewing reports, and providing backup for these financial duties. The Division is also providing regular financial reports to the Parks and Wildlife Commission on revenues and expenditures, as well as annual balance sheets for all funds with reserve calculations.

The concept of the “unobligated reserve” was incorporated in an internal policy of the former Wildlife Commission (Policy A-11, Wildlife Cash Fund Balance). In the Wildlife Cash Fund audit, the State Auditor found that the former Division of Wildlife had not been reporting the Division’s financial status to the Commission in the manner prescribed by Policy A-11. For a variety of reasons, the successor Parks and Wildlife Commission adopted a resolution in May, 2012 which (1) suspended policy A-11 pertaining to the Wildlife Cash Fund Balance, (2) directed the Division to begin work on a new policy for cash fund reserves for adoption by the Commission, and (3) provided interim guidance for maintaining an adequate financial reserve, namely that the Wildlife Cash Fund reserve should not drop below a level equal to 5% of annual license revenues.

Because the “unobligated reserve” as specifically defined by the former Policy A-11 is no longer part of Commission policy, it is no longer being calculated. Calculations and reports provided to the Commission are based on the current policy definitions. Those calculations are shown in CPW Attachment #1 and include actual and projected compliance with the new reserve requirement for FY 2010-11, FY 2011-12, FY 2012-13, and FY 2013-14 using the cash fund report (Schedule 9) format as requested in Question # 26 below.

26. Can the Division of Parks and Wildlife include the unobligated reserve calculation of the Wildlife Cash Fund as part of the cash fund report (Schedule 9) provided with the Division's November 1 budget request?

Yes, an updated cash fund report (Schedule 9) that includes a reserve calculation per the current Commission policy is provided as CPW Attachment # 1.

27. What projects were delayed or eliminated as part of the $32.4 million Wildlife Cash Fund reporting error discussed in the May 2012 audit report? Has the Department funded any of the delayed projects, is there a plan on when all delayed projects will be funded? What measures is the Division of Parks and Wildlife implementing to raise the Wildlife Cash Fund unobligated reserve to 10.0 percent of annual revenue?

A list of projects that were delayed or eliminated is provided in CPW Attachment # 2. The Division submitted a FY 2012-13 Budget Amendment and Supplemental Request to reduce its Capital Construction appropriations for the four fiscal years FY 2009-10 through FY 2012-13 by about $16.75 million. The Division has funded some of the delayed projects, as shown in the Status column of CPW Attachment # 2. The Division’s planning for future capital construction needs is based on current Division priorities, which are established in part with input from the Parks and Wildlife Commission. Because the basis for cancelling some capital projects was the result of this prioritization process, some cancelled projects may never be funded.

Relative to the Wildlife Cash Fund Reserve, it is important to note that the Parks and Wildlife Commission issued new guidance on the Wildlife Cash Fund Reserve Policy, as described in the response to question # 25. The current minimum reserve is 5% of annual license revenue. In addition to the reductions in capital construction projects, the Division has taken several steps to improve the sustainability of the Wildlife Cash Fund, including:

- Identifying savings from the merger (Request-8; please see question # 29 below)
- Leveraging wildlife cash with federal funds
- Suspending capital equipment replacement

The Parks and Wildlife Commission has identified Financial Sustainability as one of its top 3 priorities and future Division budget requests continue to work toward meeting this goal.

ISSUE: Division of Parks and Wildlife Merger and Cost Savings

28. Discuss the Division of Parks and Wildlife *Merger Implementation Plan* and how its recommendations will translate into specific budget savings and reductions as described in the Department *Request-8 Merger Cost Savings and FTE Reduction*.

Per H.B. 12-1317, the division will provide an update on the merger cost savings to the General Assembly. As stated in the decision item request, the Division believes that it will be able to reduce its FTE appropriation by at least 20.0 FTE. The Department anticipates submitting either a budget amendment or some other official documentation to the Committee to replace the "at least 20.0 FTE reduction" with something more definitive, including an exact dollar reduction to the Division's appropriation, for consideration as part of the FY 2013-14 budget cycle.

29. How is the Department calculating FTE savings related to *Request-8 Merger Cost Savings and FTE Reduction*?

The reduction in the number of FTE in "Request-8 Merger Cost Savings and FTE Reduction" is based on duplicate and other positions that will be eliminated as a result of the merger. The FTE dollar savings is an estimate, based on positions that could be eliminated in the reorganized, merged division. Consistent with the requirements of HB 12-1317, the Department will be providing a report to the General Assembly that will identify the specific proposed budget reductions from merger cost savings, including FTE and dollar reductions.

The dollar savings from these FTE reductions will be used at least initially to rebuild the Wildlife Cash Fund reserve.

30. Provide a detailed list of hunting and fishing fees paid by in-state and out-of-state hunters and fishermen. Provide an analysis of any recent fee increases.

The CPW Commission reports fee changes to the JBC annually. CPW Attachment # 3 includes the most recent report, the final regulation changes, and a list of all 2013 hunting and fishing fees.

31. How can the Division of Parks and Wildlife make it easier for young hunters (14 to 18 year old) to obtain hunting licenses?

Colorado Parks and Wildlife is committed to expanding the opportunity for youth to participate in hunting activities. Educational programs, licensing regulations and license fees are designed to encourage youth participation.

Hunter Education

By Colorado statute, everyone born after January 1, 1949, must have completed a hunter education course sanctioned by a state or province before applying for or purchasing a license. In recent years, CPW has expanded its offerings of internet-based hunter education courses with the intent of offering courses that fit into busy or unusual schedules and accommodate different learning styles. Approximately 20% of hunter education students now complete most of their studies online. Students learn online within their own schedule and then complete a shortened in-person conclusion class. In addition, youth-only classes are offered around the state with instructors specifically trained to teach kids in a supportive, fun environment. Well-rounded, introductory training prior to hunting helps youth feel fully prepared for what they are going to experience. Out of 19,654 students taught in Fiscal Year 2012, 497 youth had the opportunity for a youth-only class tailored to their needs.

Hunter Outreach

In 2002 CPW instituted the Hunter Outreach program, designed to provide volunteer mentors for youth on small game and big game hunts. Landowners, ranches, volunteers and sportsmen's organizations partner with CPW to provide locations and volunteer mentors. In 2011 CPW held 83 guided hunts with mentors and youth designed to provide a safe, controlled introductory hunt experience. In addition, CPW held 411 events designed to teach introductory hunting and outdoor skills. Over 14,000 people including youth and their families attended these events.

In 2013 over 300 students will have the opportunity to participate in the Upland Bird Academy in northeast Colorado, where they will learn about and participate in pheasant hunting.

Youth-only Seasons and Extended Seasons

Youth under the age of 18 can hunt with a mentor in youth-only waterfowl seasons prior to the regular waterfowl seasons. CPW offers extended opportunities to youth with unfilled elk or pronghorn licenses to participate in late hunting seasons.

License Fees

Youth under the age of 18 pay reduced license fees for hunting licenses.

Small game youth $1.75	(Resident small game license $21)
Turkey youth $11	(Spring turkey license $21)
Deer, elk, pronghorn youth $10.75	(Resident deer/pronghorn $31, Resident elk $46)

Preference and License Availability

Youth receive preference in the big game limited license drawings. Up to 15 percent of limited licenses for doe pronghorn, doe and either-sex deer and cow elk in regular rifle and private-land-only rifle seasons are available for youth ages 12-17.

Youth Outreach licenses are allocated to sponsoring organizations to allow them to host youth educational hunting events. Qualifying sponsoring organizations must be a sportsman's group, conservation group or youth mentoring organization and may apply for big game or turkey Youth Outreach licenses.

4:15-4:45 QUESTIONS FOR THE COLORADO WATER CONSERVATION BOARD

32. Were additional funds, other than the $1.6 million obligated from the Perpetual Base Account of the Severance Tax Trust, used for wildfire emergencies this year?

A total of $1,582,000 from the Perpetual Base Account was transferred to the state's Disaster Emergency Fund to help cover the cost of fighting wildfires during summer 2012. Through executive orders, additional Perpetual Base Account funds were used to "bridge" wildfire response costs, but these additional moneys were repaid in full when alternative revenue streams were identified.

In addition to the $1,582,000 transfer to the Disaster Emergency Fund, CWCB has made additional funds available to communities whose water supplies were affected by wildfires. At the September 2012 CWCB Board meeting, the CWCB Board authorized staff to set aside $10.0 million from the Perpetual Base Account to assist communities that have been directly impacted by wildfires. The available funds are to be provided in the form of zero percent interest loans. To date, the City of Greeley has applied for a $2 million loan, which staff will be presenting for approval at the January 2013 CWCB Board meeting. Other communities (including Fort Collins, Colorado Springs, and Larimer County) have shown interest in the available loan funds but have not formally applied for a loan.

Outside of the Department of Natural Resources, financing of wildfire response also relied upon funding from the Major Medical Insurance Fund, the Controlled Maintenance Trust Fund, and the Disaster Emergency Fund. Additionally, executive orders were used to tap into FY 2011-12 General Fund appropriations to the Departments of Health Care Policy and Financing, Human Services, Public Safety, and Corrections to provide additional funding for wildlife response.

Pages 7 and 8 of the Governor's FY 2013-14 State Budget Request Transmittal Letter contains the following proposal:

> "Under separate cover, we will request a law change of the General Assembly to allow the Governor to repay resources transferred to fight the devastating wildfires in 2012, including the Major Medical Insurance Fund and Perpetual Base Account of the Severance Tax Fund. Under current law, reimbursements of those expenses will go the Disaster Emergency Fund."

The Governor's Office will provide that proposal to the General Assembly prior to the start of the 2013 Legislative Session.

33. Provide an update on the current status of the State's drought mitigation and response plan and the impact wildfires are having on watersheds and the threat of floods.

In May of 2011, the state's Drought Mitigation and Response Plan ("Plan") was activated in the southeast and south central portions of the state. During the summer of 2012 the Plan was expanded to include the entire state.

Various drought-related task force groups have been meeting. Currently, the Agricultural Impact Task Force is the only activated impacts task force. The overarching Drought Task Force, comprised of the executive directors for the Department of Natural Resources, the Department of Local Affairs, and the Department of Agriculture, had met twice per month until November. At this point, this group is waiting to see what will occur with snow pack levels. The Water Availability Task Force, which is the monitoring group as outlined in the state drought plan, continues to meet regularly. The CWCB will continue to closely monitor and work with the Drought Task Force and the Governor's office to activate any additional impact task forces as necessary. Various concerns continue to exist including low soil moisture and impacts on already stressed forests.

The large wildfires experienced during 2010 and 2012 continue to have a significant impact on flood characteristics in the affected watersheds. Although the impact is heavily dependent on the degree of burn severity experienced in the subject watershed, many of the recent large fires experienced pockets of high burn severity. Typically, the effects to flooding are highest in the first two years after the fire, but may not fully dissipate for as many as 7-10 years.

The CWCB coordinates with the Office of Emergency Management, local emergency managers, and floodplain managers to address flooding issues following wildfires. Activities include public education, watershed restoration, emergency response plans, possible enhanced floodplain management regulations, and post-wildfire hydraulic analysis and mapping.

Elevated flood risk will continue to exist in the Fourmile, High Park, and Waldo Canyon burn areas over the next summer. State officials will continue to coordinate with locals to mitigate this elevated risk to the extent possible.

Post fire impacts on watersheds are largely dependent on burn severity as well, which can vary significantly within a burn area. Watersheds that are critical to water supply are of primary concern. Water quality impairments (organics, metals, and sediment) can cause the treatment for municipal consumption to be difficult and expensive. Municipal water providers with redundant supplies may choose not to divert water with fire related water quality impairments. As redundant supplies dwindle, i.e. reservoir storage, water suppliers face increased costs associated with treating impaired runoff. Watershed restoration efforts in burn areas are largely centered on stabilizing sediment and the CWCB is currently focusing on ephemeral drainages in high altitude locations. The cost to stabilize drainages, to keep high volumes of sediment in the watershed, is significantly cheaper than removing sediment from downstream reservoirs. It can cost up to twice the amount to dredge than to stabilize sediment in place in the watershed. The less expensive alternative also provides benefits to the ecology of the stream network by protecting and restoring habitat for macro invertebrates and fish.

34. Does the current drought impact the State Water Supply Initiative (SWSI) 2050 projections?

The State Water Supply Initiative's current 2050 projections do not factor the impact of drought. The main objectives of the SWSI 2004 and SWSI 2010 reports were to examine the long-term demands and supplies of water and to provide an estimate of the municipal and industrial water supply "gap". At the time of these studies, there was not a deliberate decision to exclude drought from the scope; it was simply not a part of the original study's scope of work. As the CWCB is beginning the process of scoping the 2016 update to SWSI, there has been discussion about including the impact of drought as a component. In addition, the SWSI group is considering the possibility of including sections on drought planning, climate change, and varied hydrologic conditions in SWSI.

35. Please discuss how the expansion of oil and gas development affects projections of future water needs.

The Colorado Oil and Gas Conservation Commission has attempted to predict the amount of water associated with hydraulic fracturing during the period of 2010 through 2015. These predictions are general and should be used with caution. They are based upon the following assumptions, which may or may not prove to be accurate:

- The demand for new gas wells will remain relatively flat.
- The number of drilling rigs in the state will remain relatively flat.
- The number of wells drilled will remain relatively flat because of rig count.
- The number of horizontal oil wells drilled will increase approximately 20% each year.
- The number of vertical wells drilled will decrease proportionally with the increase in horizontal wells drilled.

Based upon these assumptions, the Colorado Oil and Gas Conservation Commission estimates that, during the period from 2010 through 2015, hydraulic fracturing will require the following volumes of water:

Projection of Annual Demand for Hydraulic Fracturing (Acre-Feet)					
2010	2011	2012	2013	2014	2015
13,900	14,900	16,100	16,900	17,800	18,700

Water use for 2015 is projected to increase by 4,800 acre-feet in comparison to the annual demand in 2010. In 2015, annual water use for hydraulic fracturing is estimated to be slightly more than one-tenth of one percent of the total water used in the state.

36. What level of per-capita consumption does the CWCB use in its projections of future water use? In particular, what is the range of per-capita consumption by region? Is the CWCB using projections of water use provided by water entities, such as Denver Water, or does CWCB use its own estimates? How does per-capital consumption compare region-by-region?

Future water use projections of the Statewide Water Supply Initiative (SWSI) 2010 were based on an updated database of per capita water use estimates. Data was collected for 214 water providers covering 87 percent of the population in Colorado. Because the 2050 population projections were developed at the county level, the system-wide gallons per capita per day (gpcd) values needed to be aggregated from the water provider level to the county level. A weighting process was applied to develop a county average system-wide gpcd based upon the portion of the county population serviced by each water provider. Once the county level Municipal and Industrial (M&I) demand forecast was developed, basin level M&I water use rates were calculated for the nine basin roundtable areas. The methodology being use is a commonly accepted forecast methodology for statewide water supply planning purposes, but is not appropriate for project specific purposes or for direct comparisons between basins or counties. Comparisons of gpcds between counties and basins should not be made directly, since differences in the amount of industry, tourism, and outdoor water use varies significantly between geographic regions. The aggregated basin average per capita water use estimates from SWSI 1 and SWSI 2010 are depicted in Figure 4-2 of SWSI 2010.

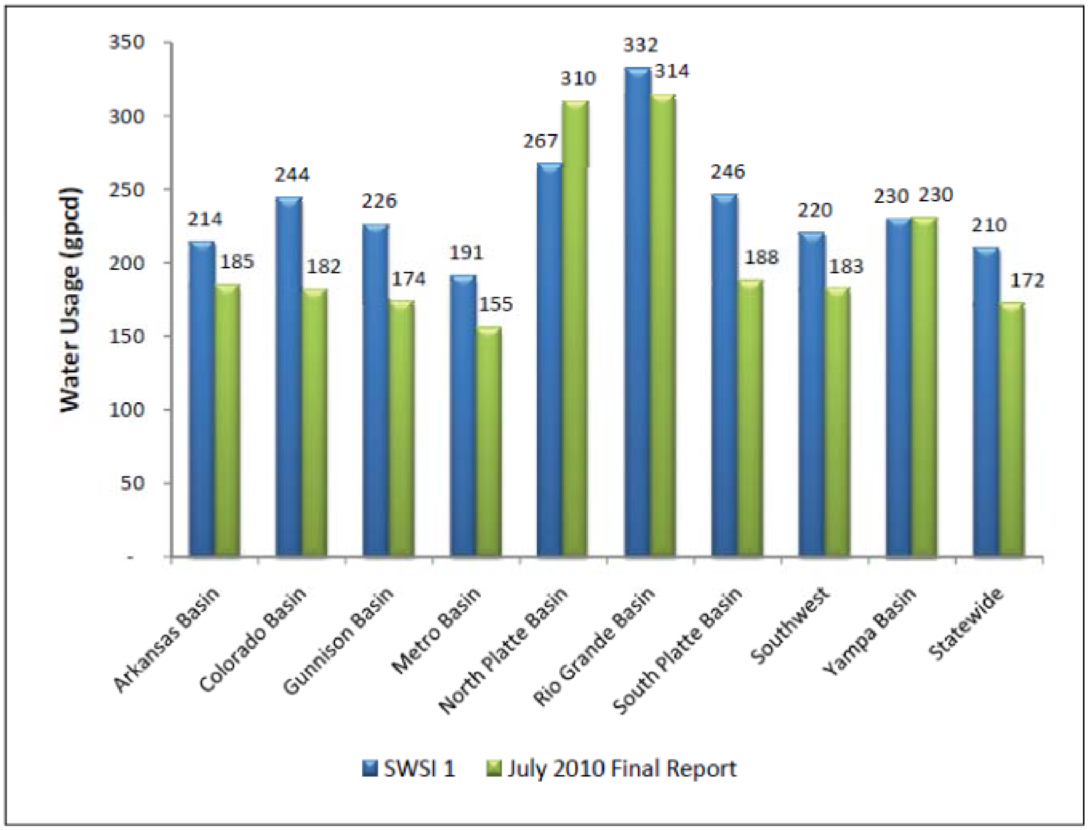

Figure 4-2 M&I Water Usage Rate by Basin

37. The CWCB estimates providing new project loans in FY 2012-13 totaling $34.0 million from the CWCB Construction Fund and another $40.0 million from the Perpetual Base Account of the Severance Tax Trust Fund. Provide a table itemizing, by name of project and amount obligated, the total number of loans that have been obligated thus far, as well as a list of additional loan applications that are currently under consideration.

Loans approved to date (i.e. FY 2012-13) by the CWCB total $11,952,910:

	Applicant	Project	Amount
1	Center of Colorado WCD	Smelter Pipeline Reservoir Enlargement Project	$404,000
2	The Left Hand Ditch Co	Allen Lake and Lake Isabelle Repair Project	$1,157,157
3	Central Colorado WCD	Water Rights Purchase and Gravel Pit Storage	$3,030,000
4	Eckhardt Farms, Inc.	Water Rights Purchase	$1,336,230
5	Fort Morgan Res and Irrigation	River Diversion Rehabilitation Project	$1,308,960
6	Town of Ridgway	Lake Otonowanda Rehabilitation Project	$606,000
7	Pisgah Res & Ditch Co	Mt. Pisgah Dam/Wrights Reservoir Rehab	$162,958
8	Sanchez Ditch & Res Co	Sanchez Reservoir Outlet Rehabilitation Project	$1,128,776
9	Bergen Ditch and Res Co	Bergen Reservoir No. 2 Rehabilitation Project	$2,020,000
10	Farmers' Highline Canal & Res Co	System Rehabilitation	$798,829
		Total	$11,952,910

Loans "under consideration" for Board Approval at the January and March 2013 Board meetings total $36.4 million:

January 2013:

- Roxborough Park Metro District - $21 million for water rights purchase
- City of Greeley - $2 million for watershed restoration from the High Park fire
- Twenty Two Road Lateral - $600,000 for a ditch lining project

March 2013:

- Ordway Cattle Feeders - $1 million for a pipeline project*
- Boxelder Basin Regional Stormwater Authority - $9 million for flood control project
- Santa Maria Reservoir Company - $2.8 million for reservoir rehabilitation project*

*Note: These amounts could be increased due to reduced ‘in-kind’ funding available.

In addition, CWCB will consider the purchase of Chatfield Reservoir Reallocation allotments at approximately $36 million. This project provides valuable water storage space in the existing Chatfield Reservoir for municipal and agricultural irrigation needs along the South

Platte. This, along with other Non-Reimbursable Project Investments and Prequalified Project Borrowers, could exhaust most of the available FY 2012-13 funding.

38. Provide an update on H.B. 12-1278, South Platte River Alluvial Aquifer Study.

The final version of H.B. 12-1278 authorized the CWCB to contract with the Colorado Water Institute (Institute) to have the Institute conduct an independent study of the South Platte River alluvial aquifer. The study involves delineating areas within the basin adversely impacted by high ground water levels and to conduct a feasibility-level evaluation of the causes of high groundwater levels in the affected areas.

In June of 2012, the Institute developed a project scope and cost estimate. The Institute's scope of work for H.B. 12-1278 splits the study into four main tasks: data collection and display, GIS mapping, data analysis, and outreach and external communications. Work accomplished to date includes:

- **Data Collection:** Accomplishments include internal training and meetings with DWR and CWCB staff on HydroBase and Colorado Decision Support System tools, updates to the TSTool to streamline query and analysis of HydroBase data to facilitate data analysis by CSU and USGS, including enhancements to ReadUsgsNwisDaily command. In addition, the Institute has been performing quality assurance and quality control procedures to check the quality on user-supplied groundwater monitoring well data.
- **GIS mapping:** The work in this area includes the development of initial maps of irrigated acres, irrigation wells, irrigation ditch diversions, water table depths, and well diversion and augmentation structures.
- **External communication:** The work to date includes development of a website to provide updates and information to all external partners, stakeholders and public. This information can be found at: http://www.cwi.colostate.edu/southplatte/index.html Public meetings have been held in partnership with the South Platte Roundtable Groundwater Committee to provide progress updates in July, August and October 2012. In addition, the first meeting of the Independent Scientific Peer Review Panel was convened on November 19, 2012 in Denver to familiarize the Panel with the objectives and approach that the Institute is taking to meet the requirements of HB12-1278.

The bill appropriated $910,900 from the Construction Fund for this study. The current contracted amount (under state contract C154208) is $786,904 and the final contract amount will not actually be known until the summer/fall of 2013. It was the preference of the Institute to approach their effort on H.B. 12-1278 with a very defined/tight budget, with the understanding that they may need to amend their contract with CWCB for additional work as the project progressed. Project elements beyond the existing scope that may prove necessary include GPS survey data for select monitoring wells (with an additional cost of approximately $50,000), expanded efforts on public outreach ($15,000), and additional consultant support

($50,000). Adding all three of these elements to the existing contract would increase the Institute's current contract amount from $786,904 to approximately $901,904.

4:45-5:00 QUESTIONS FOR THE WATER RESOURCES DIVISION

ISSUE: Water Resources Division Budget Re-Organization and Funding Request

39. Discuss the specific advantages and budget efficiencies to be achieved if Department *Request-3 Water Resources Division Line Item Consolidation is approved*.

Consolidating line items as proposed by the decision item will simplify the Division of Water Resource section of the Long Bill but will not have any negative impact on programmatic operations or expenditures; in fact it would increase the transparency of the Division's budget. 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 and other areas of interest. 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 only those additional resources that were allocated to the division several years ago to help administer the measurement rules on the Republican River and to better assure compliance with the Republican River Compact. This new appropriation stemmed directly from the 2003 Final Settlement Stipulation 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 (the division's Personal Services line, in this instance). If this request were approved and the accounting tracking system was implemented DWR would be able to report accurately on those program deemed important enough to track, e.g. interstate compact compliance.

Similarly, the division's Interstate Compacts line item, if interpreted to be anything more than compact dues and some of the direct travel costs related to representing Colorado in Interstate Compact meetings, may not be transparent. 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 programmatic 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).

40. The Department states that the current Long Bill line item structure in the Water Resources Division is potentially misleading with regards to programmatic activities and expenditures. Provide a breakdown by programmatic area and personal services versus operating expenses of what the Water Resources Division spends for water administration, dam safety and well inspections.

As discussed in the answer to question 39, if decision item DNR R-3 is approved, the division will set up a system of accounting codes organized by line item and program area. For the purposes of question 40 (since the proposed accounting code system is not in place), DWR has made some basic assumptions and developed the following estimated expenditures:

Estimated Program Expenditures FY 2011-12	**FTE**	**Personal Services**	**Operating**	**Total**
Program Area:				
Water Administration	217.9	17,903,605	1,106,753	**19,010,357**
Public Safety Programs	0.0	0	0	**0**
Dam Safety	11.0	1,265,966	220,281	**1,486,247**
Well Inspection	3.0	230,491	41,332	**271,823**
Total:	**231.9**	**19,400,061**	**1,368,366**	**20,768,428**

The overall Personal Services and Operating totals (including actual expenditures in the Federal Grants line item) match the DWR schedule 3 submitted with the FY 2013-14 budget request.

41. Of the amounts spent for water administration, provide a breakdown of total expenditures for different functions, such as the Republican River Compact Compliance, and other functions.

Under its current line item structure, it is difficult for DWR to break out expenses by "function" (which DWR is roughly interpreting to mean program area). If decision item DNR R-3 is approved, the division will set up system of accounting codes organized by line item and program area. Reporting could then be provided showing expenditures in a number of different ways. One potential organizational structure for programmatic expenditure reporting that the Division would propose is as follows:

3) Proposed Final Long Bill Format	Adjusted Base Request
Division Operations	
Water Administration	19,098,709
Program: Interstate Compacts	
Program: Intrastate Water Management (Water Rights)	
Program: Water Supply	
Program: Hydrography	
Program: Dam Safety	
Program: Division Administration	
Well Inspection	358,873
Satellite Monitoring Systems	399,857
Federal Grant	167,260
River Decision Support Systems	206,232
Special Purpose	
Dam Emergency Repair	50,000
HB 03-1334 Temp Water Supp Agreements	61,589
Indirect Cost Assessment	29,598
Total Appropriations:	**20,372,118**
Total FTE:	**251.1**

42. Provide an itemized breakdown of Water Resources Division Operating Expenses by expense type.

The following table reflects two years of actual expenditures and two years of projected expenditures made out of DWR's current Operating line item, organized into higher-level categories using object codes:

DWR Operating Expenditures by Category

Object Type	FY 2010-11	FY 2011-12	FY 2012-13 (1)	FY 2013-14 (1)
Communications	$ 86,481.95	$ 77,181.98	$ 100,962.36	$ 100,962.36
Legal Services	$ 17,633.33	$ -	$ 10,877.79	$ 10,877.79
Maintenance & Repair Services	$ 57,278.25	$ 72,080.06	$ 79,799.63	$ 79,799.63
Noncapitalized Equip/Furniture	$ 22,385.06	$ 6,974.42	$ 18,111.52	$ 18,111.52
Noncapitalized Equipment	$ 17,652.00	$ -	$ 10,889.31	$ 10,889.31
Noncapitalized IT Purchases	$ 132,240.02	$ 52,410.67	$ 113,908.85	$ 113,908.85
Public Meetings	$ 5,521.95	$ 4,487.40	$ 6,174.65	$ 6,174.65
Other Operating Expenses	$ 34,846.78	$ 40,917.70	$ 46,749.88	$ 46,749.88
Postage/Printing	$ 45,166.76	$ 33,251.73	$ 48,375.45	$ 48,375.45
Rule Making Notices	$ 53,824.80	$ 26,688.52	$ 49,667.72	$ 49,667.72
Software	$ 52,447.77	$ 9,456.59	$ 38,188.07	$ 38,188.07
State Fleet Management Rentals	$ 465,852.73	$ 518,261.46	$ 607,088.52	$ 607,088.52
Supplies and Materials	$ 61,640.64	$ 36,978.74	$ 60,837.14	$ 60,837.14
Training	$ 17,998.92	$ 21,993.26	$ 24,670.71	$ 24,670.71
Travel	$ 245,429.67	$ 264,423.39	$ 314,522.38	$ 314,522.38
Grand Total	**$ 1,316,400.63**	**$ 1,165,105.92**	**$ 1,530,824.00**	**$ 1,530,824.00**

1) Budgeted numbers include unfunded cash spending authority in the amount of about $280,000

43. Discuss how the Department has addressed Joint Budget Committee concerns expressed during FY 2012-13 figure setting related to Department *Request-3 Water Resources Division Line Item Consolidation is approved*.

Please see the DWR response to question 39.

44. Does data from the Satellite Monitoring System link with the U.S. Geological Survey?

The Division of Water Resources compiles information hourly from the division's statewide network of 525 stream gages, commonly referred to as the Satellite Monitoring System. The DWR also acquires (on the same hourly timeframe) analogous data from gages managed by the United States Geological Survey (USGS) and from the gage networks of other agencies; DWR then posts all of this data (i.e. both DWR data and data acquired from external sources) on the state's Surface Water Conditions website (www.dwr.state.co.us). Website users can view information on individual gages, and the site provides links to specific external data sources, including USGS.

Many of DWR's external partner agencies, in turn, post data from DWR gages on their own websites, which often have a smaller/more specific geographic focus. At this time the USGS has elected to not post DWR's data on their web site, but the USGS web site does contain a link to DWRs web page.

Examples of other agencies with whom DWR shares data or who are cooperators (entities who provide DWR with funding to help operate a specific satellite monitoring site of joint interest) include:

- Northern Colorado Water Conservancy District
- Lower South Platte Water Conservancy District
- St Vrain/Left Hand Water Conservancy District
- Upper Arkansas Water Conservancy District
- City of Colorado Springs Utilities
- City of Aurora
- Denver Water Board
- City of Walsenburg
- US Bureau of Reclamation

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. **The Joint Budget Committee has recently reviewed the State Auditor's Office *Annual Report of Audit Recommendations Not Fully Implemented* (October 2012). If this report identifies any recommendations for the Department that have not yet been fully implemented and that fall within the following categories, please provide an update on the implementation status and the reason for any delay.**

    a. **Financial audit recommendations classified as material weaknesses or significant deficiencies;**
    b. **Financial, information technology, and performance audit recommendations that have been outstanding for three or more years.**

    The Department does not have any audit recommendation classified as material weaknesses or significant deficiencies in the October 2012 Annual Report of Audit Recommendations Not Fully Implemented.

    The Department has only one performance audit issue that has been outstanding for more than three years. In the 2009 audit of land acquisition and management, the State Auditor recommended that the Division of Wildlife establish performance measures and performance data to track and report on progress toward meeting short and long-term land acquisition goals. The State Auditor lists this issue as partially implemented. In response to this audit finding, the Division of Parks and Wildlife continues to make progress on the development of a crucial fish and wildlife habitat decision support tool with financial support from the Western Governors' Association. This tool will identify high-value lands and waters which can form the basis for the Division's land acquisition strategy. The Department is on track to have this tool completed by July of 2013.

CPW Attachment # 1 for JBC Hearing Question # 25 Response

Updated Schedule 9A: Cash Funds Report

Department of Natural Resources - Division of Parks and Wildlife

FY 2013-14 Budget Request

Fund 410 - "Wildlife Cash Fund" (Agency PBA and PMA)

33-1 through 33-6, C.R.S. (2011)

	Actual	Actual	Appropriated	Requested
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Year Beginning Fund Balance (A)	***$249,643,024***	***$255,192,161***	***$285,778,296***	***$282,004,003***
Changes in Cash Assets	-$3,601,985	-$3,142,227	-$3,774,293	-$3,014,000
Changes in Non-Cash Assets	-$1,110,767	$3,941,399	$0	$0
Changes in Long-Term Assets	$9,018,793	$32,832,061	$0	$0
Changes in Total Liabilities	-$1,243,096	$3,045,097	$0	$0
TOTAL CHANGES TO FUND BALANCE	**$5,549,138**	**$30,586,135**	**-$3,774,293**	**-$3,014,000**
Assets Total	***$307,929,702***	***$341,560,935***	***$337,786,642***	***$334,772,642***
Current Assets (B)	$64,216,363	$65,015,535	$61,241,242	$58,227,242
Cash and cash equivalents	$59,608,958	$56,466,731	$52,692,438	$49,678,438
Receivables	$3,258,381	$5,195,031	$5,195,031	$5,195,031
Inventories	$822,096	$948,618	$948,618	$948,618
Other Current Assets	$526,930	$2,405,156	$2,405,156	$2,405,156
Non-current Assets	$243,713,339	$276,545,400	$276,545,400	$276,545,400
Capital Assets	$234,089,178	$267,594,769	$267,594,769	$267,594,769
Infrastructure	$9,624,161	$8,950,630	$8,950,630	$8,950,630
Liabilities Total	***$52,737,541***	***$55,782,639***	***$55,782,639***	***$55,782,639***
Current Liabilities (C)	$47,999,692	$50,884,048	$50,884,048	$50,884,048
Payables	$14,623,729	$14,911,942	$14,911,942	$14,911,942
Accrued Liabilties	$4,771,077	$4,695,332	$4,695,332	$4,695,332
Deferred Revenue	$28,604,696	$31,263,090	$31,263,090	$31,263,090
Bonds/notes payable - current	$0	$0	$0	$0
Other Current Liablilities	$189	$13,684	$13,684	$13,684
Non-current Liabilities	$4,737,849	$4,898,591	$4,898,591	$4,898,591
LT debt payable - noncurrent	$0	$0	$0	$0
Other Long Term Liabilities	$4,737,849	$4,898,591	$4,898,591	$4,898,591
Ending Fund Balance (D)	***$255,192,161***	***$285,778,296***	***$282,004,003***	***$278,990,003***
Net Current Assets, Working Capital - (B-C)	***$16,216,672***	***$14,131,488***	***$10,357,195***	***$7,343,195***
Change from Prior Year Fund Balance (D-A)	***$5,549,138***	***$30,586,135***	***-$3,774,293***	***-$3,014,000***
Cash Flow Summary				
Revenue Total	$109,717,405	$111,169,879	$111,170,000	$111,170,000
License Fees/Permits/Sales/Fines/Rents	$72,103,626	$69,936,446	$69,936,000	$69,936,000
Habitat Stamp	$5,465,205	$6,625,828	$6,626,000	$6,626,000
Interest	$646,975	$289,304	$289,000	$289,000
Donations	$5,593,008	$3,978,053	$3,978,000	$3,978,000
[Less non-cash Donations]	-$5,108,695	-$3,297,684	-$3,298,000	-$3,298,000
Federal Grants/ Indirect	$23,111,903	$25,972,511	$25,973,000	$25,973,000
State/Local/Private Grants	$74,207	$1,029,534	$1,030,000	$1,030,000
GOCO	$6,081,544	$6,251,487	$6,251,000	$6,251,000
Severance Tax	$1,484,286	$0	$0	$0
Sale of Equipment	$160,396	$78,529	$79,000	$79,000
Recoveries	$104,950	$305,870	$306,000	$306,000
Expenses Total	$117,208,858	$113,234,237	$114,944,293	$114,184,000
Cash Expenditures	$106,118,026	$104,733,823	$104,734,000	$104,734,000
Capital Expenditures	$11,090,832	$8,500,414	$10,210,293	$6,950,000
Change Requests				
Beaver Park Dam Rehabilitation				$2,500,000
Net Cash Flow	-$7,491,454	-$2,064,358	-$3,774,293	-$3,014,000

CPW Attachment # 1 for JBC Hearing Question # 25 Response

Updated Schedule 9A: Cash Funds Report

Department of Natural Resources - Division of Parks and Wildlife

FY 2013-14 Budget Request

Fund 410 - "Wildlife Cash Fund" (Agency PBA and PMA)

33-1 through 33-6, C.R.S. (2011)

Fund Expenditures Line Item Detail	Actual	Actual	Estimated	Requested
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Division of Parks and Wildlife				
Operating Budget	$106,118,026	$104,733,823	$104,734,000	$104,734,000
Capital Budget	$11,090,832	$8,500,414	$10,210,293	$9,450,000
Division Subtotal	$117,208,858	$113,234,237	$114,944,293	$114,184,000
	TRUE	TRUE	TRUE	TRUE

Cash Fund Reserve Balance (per Colorado Parks & Wildlife Commission Policy)	Actual	Actual	Estimated	Requested
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Annual License Revenue (Fund 410)	$76,412,041	$75,810,874	$75,810,874	$75,810,874
Reserve Requirement (5% of Annual License Revenue)	$3,820,602	$3,790,544	$3,790,544	$3,790,544
Actual Reserve (Net Current Assets from above)	$16,216,672	$14,131,488	$10,357,195	$7,343,195
Over/Under Reserve Requirement	**$12,396,069**	**$10,340,944**	**$6,566,651**	**$3,552,651**

Cash Fund Narrative Information	
Purpose/Background of Fund	Funds received from wildlife license fees and other wildlife sources are
Fee Sources	Hunting, fishing, and other license fees; rents; sale of publications.
Non-Fee Sources	Interest, federal funds, donations, grants, fines, penalties, the sale of assets, and statutory transfers from other funds.
Long Bill Groups Supported by Fund	Director's Office; Wildlife Management, Technical Services, Information Technology; Game Damage Claims and Prevention; Wildlife Commission

CPW Attachment #2 for JBC Hearing Question # 28 Response
Department of Natural Resources - Division of Parks and Wildlife

Fiscal Year	Project Name	Status
FY 09-10	Denver Headquarters - Replace main sewer line	Cancelled
FY 09-10	Mt. Shavano SWA - Ditch Lining	Cancelled
FY 09-10	Frisco Creek - Facility Maintenance Shop & Equipment Storage	Cancelled
FY 09-10	Yampa River SWA - Brock Ditch Headgate Protection	Cancelled
FY 09-10	Contingency - Fish Unit Maintenance	Cancelled
FY 09-10	Monte Vista Hatchery - Reconstruction	Cancelled
FY 09-10	Colorado Outdoor Educational Recreation Center	Cancelled
FY 09-10	Contingency - Major Repairs and Small Improvements	Cancelled
FY 09-10	Crystal River SFU - Residence - "Main Bldg" Apts/Storage - Electrical	Cancelled
FY 09-10	Mount Shavano SFU - Packed Column Bldg - Wall - Exterior	Cancelled
FY 09-10	Roaring Judy SFU - Residence - GH111 - Heating - Primary	Cancelled
FY 09-10	Roaring Judy SFU - Residence - GH112 - Foundation	Cancelled
FY 09-10	Roaring Judy SFU - Residence - GH113 - Wall - Exterior	Cancelled
FY 09-10	Tamarack Ranch SWA - Office/Bunkhouse - Demolition	Cancelled
FY 10-11	Beaver Park Reservoir SWA - Remote Gate Control DESIGN	Cancelled
FY 10-11	Groundhog Reservoir SWA - Boat Ramp Extension	Cancelled
FY 10-11	Queens SWA - Nee Gronda Boat Ramp Extension	Cancelled
FY 10-11	Misc. Dam Repairs and Improvements Statewide	Cancelled
FY 10-11	Skaguay Reservoir SWA - Hazard Classification	Cancelled
FY 10-11	Cottonwood SWA - Slough Renovation	Cancelled
FY 10-11	Grand Junction Service Center - Hunter Ed Building Supplemental Funds	Cancelled
FY 10-11	Montrose Service Center - Remodel Conference Room Etc.	Cancelled
FY 10-11	Pitkin SFU - GH-81 Energy Retrofit	Cancelled
FY 10-11	Skaguay Reservoir SWA - Spillway Notching	Cancelled
FY 10-11	South Republican SWA - B251 Office Remodel	Cancelled
FY 11-12	Contingency - Motor Boat Access	Delayed to FY12-13
FY 11-12	Tarryall Reservoir SWA - Boat Ramp and Docks CONSTRUCTION	Delayed to FY12-13
FY 11-12	Gunnison Regional/Area Office and Hunter Education Facility	Cancelled
FY 11-12	Beaver Creek SWA - Stream Improvements	Delayed to FY12-13
FY 11-12	Billy Creek SWA - Porter Tract Survey & Fence	Delayed to FY12-13
FY 11-12	Canon City Hunter Ed. - Heat and A/C	Delayed to FY12-13
FY 11-12	Contingency - Infrastructure and Real Property Maintenance	Delayed to FY12-13
FY 11-12	Denver HQ - Replace AHU-4	Delayed to FY12-13
FY 11-12	Denver HQ Campus - Remodel Hunter Ed Building Foyer and Bathrooms	Delayed to FY12-13
FY 11-12	Huerfano SWA - Vault Toilets	Delayed to FY12-13
FY 11-12	Mike Higbee SWA - Shop Improvements	Delayed to FY12-13
FY 11-12	Miller Ranch SWA - Cunningham Ditch Improvements (Structure Replacement) Phase 2	Delayed to FY12-13
FY 11-12	Miller Ranch SWA - Cunningham Ditch Improvements (Structure Replacement) Phase 3	Delayed to FY12-13
FY 11-12	Spanish Peaks SWA - Vault Toilets	Delayed to FY12-13
FY 11-12	Turk's Pond SWA - B288 Insulate Shop	Delayed to FY12-13
FY 11-12	Woods Lake SWA - Hughes Ditch (Fall Creek) - Diversion & Flume	Delayed to FY12-13
FY 11-12	Yampa River SWA - Cut Bank Repair	Delayed to FY12-13
FY 11-12	Andrick Ponds SWA - Cattail Control	Cancelled
FY 11-12	Beaver Park Dam Spillway Repair - DESIGN	Cancelled
FY 11-12	Black Lakes No. 2 Spillway	Cancelled
FY 11-12	Chalk Cliffs SFU - Pond - Unlined - Production - Approximately 205'x188' (irregular)	Cancelled
FY 11-12	Cherokee SWA - Prescribed Burn	Cancelled
FY 11-12	Henderson SAA - Security Fence	Cancelled
FY 11-12	Pitkin SFU - Red Jacket Control Box and metering	Cancelled
FY 11-12	Contingency - Asset Development or Improvement	Delayed to FY12-13
FY 11-12	Fish Research Hatchery - Pressurized ISO/Hatchery Waterline	Delayed to FY12-13
FY 11-12	Rifle Falls SFU - Spring Collection System CONSTRUCTION	Delayed to FY12-13
FY 11-12	Rifle Gap Reservoir - Downsteam Fish Barrier CONSTRUCTION	Delayed to FY12-13
FY 12-13	Brush Hollow Reservoir SWA - Boat Ramp Widening	Cancelled
FY 12-13	Brush Hollow SWA - Vault Toilets	Cancelled

CPW Attachment #2 for JBC Hearing Question # 28 Response
Department of Natural Resources - Division of Parks and Wildlife

Fiscal Year	Project Name	Status
FY 12-13	Contingency 5%	Cancelled
FY 12-13	Dan Noble SWA - Miramonte Boat Dock/Ramps and Handicap Fishing Access	Cancelled
FY 12-13	Cherokee SWA - Vault toilet replacement	Cancelled
FY 12-13	Coller SWA - Vault Toilet	Cancelled
FY 12-13	Contingency 5%	Cancelled
FY 12-13	Heart Lake Seepage Monitoring and Analysis Study	Cancelled
FY 12-13	Lamar Service Center SAA - Lamar Service Center - Roof	Cancelled
FY 12-13	Misc. Dam Repairs and Improvements Statewide	Cancelled
FY 12-13	Montrose Service Center SAA -Conference Room-Restroom-Employee Break room remodel	Cancelled
FY 12-13	Pitkin SFU - Boundary Fencing	Cancelled
FY 12-13	Pueblo Hunter Ed. Bldg. SAA - Hunter Education Building - Roof	Cancelled
FY 12-13	Pueblo SFU - Well #3 Replacement	Cancelled
FY 12-13	Rifle Falls SFU - B325 Isolation Hatchery Floor Drain Modifications	Cancelled
FY 12-13	Rifle Falls SFU - Boundary Fencing	Cancelled
FY 12-13	Roaring Judy SFU - Water Structure - Concrete Raceway - Raceways 5 & 6	Cancelled
FY 12-13	Watson Lake SFU - Water Structure - Concrete Raceway - Main Raceways	Cancelled
FY 12-13	Yampa River SWA-Brock Ditch Repairs	Cancelled
FY 12-13	Area 12 SWA’s Boundary Fencing	Cancelled
FY 12-13	Basalt SWA - Lower Toner Fields Pipeline & Sprinkler (Fryingpan Fields)	Cancelled
FY 12-13	Basalt SWA - Lucksinger Headgate Improvements #2	Cancelled
FY 12-13	Bellvue Research SFU - Water Heating and Cooling System	Cancelled
FY 12-13	Billy Creek SWA - Uncompahgre River Habitat Improvements	Cancelled
FY 12-13	Bosque & Spanish Peaks SWA's-Habitat Treatment	Cancelled
FY 12-13	Cimarron SWA - Road ROW Fence Completion	Cancelled
FY 12-13	Contingency 5%	Cancelled
FY 12-13	Finger Rock SFU - Storage Building Heating Insulation and Eave	Cancelled
FY 12-13	Garfield Creek SWA - Barry Stout Unit Fencing	Cancelled
FY 12-13	Granada SWA - Road Improvements	Cancelled
FY 12-13	Home Lake SWA - Fishing Pier improvements	Cancelled
FY 12-13	Hot Sulphur Springs SWA - Byers Canyon Shooting Range Expansion	Cancelled
FY 12-13	Oxbow SWA - Water line Improvements	Cancelled
FY 12-13	Poudre River SFU - Hatchery & Incubation Building - PLANNING	Cancelled
FY 12-13	Pueblo SFU - Pole Shed	Cancelled
FY 12-13	Roaring Judy SFU - Salmon Release Pipeline	Cancelled
FY 12-13	West Rifle Creek SWA - Shooting Range Improvements	Delayed to FY13-14

COLORADO PARKS & WILDLIFE

6060 Broadway • Denver, Colorado 80216
Phone (303) 297-1192 • FAX (303) 291-7109
wildlife.state.co.us • parks.state.co.us

The Honorable Representative Cheri Gerou
Chair, Joint Budget Committee
200 E. 14th Avenue, 3rd Floor
Denver, CO 80203

October 1, 2012

Dear Representative Gerou:

H.B. 00-1448, which was signed into law in May, 2000, provides for the annual adjustment of non-resident big game hunting license fees based on the Consumer Price Index (CPI):

> "The nonresident big game fees described in subsection (1.4) of this section shall annually be adjusted in accordance with changes in the United States bureau of labor statistics consumer price index for the Denver-Boulder consolidated metropolitan statistical area for all urban consumers, all goods, or its successor index. Such adjustment shall not be effective until the commission notifies the joint budget committee of such adjustment." C.R.S. 33-4-102 (1.6)(b)

Pursuant to this statute, the Colorado Parks and Wildlife Commission hereby notifies the Joint Budget Committee of the CPI adjustment for non-resident license fees for calendar year 2013, effective January 1, 2013, based on the following assumptions and calculations:

1. The base fees for 2001 were established in statute C.R.S. 33-4-102 (1.4).
2. For purposes of the annual adjustment, the base year CPI is the CPI for the first half of calendar year 2000 (171.4).
3. The adjusted fees for 2013 are capped on the increase in CPI from the first half of calendar year 2000 to the first half of calendar year 2012 (222.96 / 171.40 = 30.1%) increase over 2001 fees).

The annual CPI adjustment establishes the maximum fee that can be charged for each license. Colorado statutes allow the Commission, under certain conditions, to promulgate rules authorizing "the issuance of any of the licenses provided for in this section for a fee less than that specified in this section" [C.R.S. 33-102 (1.6)(a)]. The Commission has and will continue to promulgate rules in the future that round the fees down from the statutory cap to even dollar amounts, or as otherwise necessary for the proper management of the Division or as deemed beneficial to the management of state wildlife resources.

Sincerely,

John W Singletary

John Singletary
Chair, Colorado Parks and Wildlife Commission

FINAL REGULATIONS - CHAPTER 2 - BIG GAME

ARTICLE I - GENERAL PROVISIONS

#201 - LICENSE FEES

A. Big Game License Fees

1. Nonresident Big Game Licenses

In accordance with the provisions of §33-4-102, C.R.S., nonresident big game fees for the year ~~2012~~ 2013 shall be as follows:

Nonresident License Type	**~~2011~~2012 License Fee**	**~~2012~~ 2013 Statutory Maximum License Fee***	**~~2012~~2013 License Fee****
Pronghorn	~~$330.00~~ $345	~~$345.07~~ $351.22	~~$345~~ $350
Deer	~~$330.00~~ $345	~~$345.07~~ $351.22	~~$345~~ $350
Elk	~~$550.00~~ $575	~~$575.12~~ $585.37	~~$575~~ $585
Bear	~~$550.00~~ $575	~~$575.12~~ $585.37	~~$575~~ $585
Mountain lion	~~$550.00~~ $575	~~$575.12~~ $585.37	~~$575~~ $585
Moose	~~$1,840.00~~ $1,915	~~$1,917.05~~ $1,951.23	~~$1,915~~ $1,950
Mountain goat	~~$1,840.00~~ $1,915	~~$1,917.05~~ $1,951.23	~~$1,915~~ $1,950
Rocky Mountain bighorn sheep	~~$1,840.00~~ $1,915	~~$1,917.05~~ $1,951.23	~~$1,915~~ $1,950
Desert bighorn sheep	~~$1,230.00~~ $1,275	~~$1,278.03~~ $1,300.82	~~$1,275~~ $1,300
*Based on cumulative Consumer Price Index increase since 2000~~2011 Consumer Price Index increase of 3.8%.~~ **Adjusted after application of Consumer Price Index by rounding down to the nearest $5.00 increment, in whole numbers.			

a. All licenses sold through March 2013 shall be sold at 2012 license fees.

2. Nonresident License Fee Reduction:

In accordance with the provisions of §33-4-102, C.R.S., the following nonresident big game license fees shall be reduced to the fee specified herein, from the level set forth in §33-4-102, C.R.S.:

Nonresident License Type	**License Fee**
Nonresident Bear	$350.00
Nonresident Mountain Lion	$350.00
Nonresident Antlerless Elk	$350.00

Basis and Purpose:

H.B. 00-1448, which was passed into law in May 2000, provided for the annual adjustment of nonresident big game license fees based on the Consumer Price Index (CPI): "The nonresident big game fees described in subsection(1.4) of this section shall annually be adjusted in accordance with changes in the United States Bureau of Labor Statistics Consumer Price Index for the Denver-Boulder consolidated metropolitan statistical area for all urban consumers, all goods, or its successor index." §33-4-102 (1.6)(b) C.R.S. Consumer Price Indices for the Denver-Boulder metropolitan statistical area are compiled by the United States Bureau of Labor Statistics. Three figures are reported each year - the average CPI for the first half of the calendar year, the average CPI for the second half of the calendar year, and the average CPI for the entire calendar year. The chart below shows the average CPI for the first half of 2000, 2001, 2002 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012. Cumulative percentage change for 2000-2011 was used to calculate proposed 2012 license fees.

Consumer Price Index - All Urban Consumers Denver-Boulder-Greeley Metropolitan Area	
First Half, 2000	171.40
First Half, 2001	180.70
Annual Percentage Change	5.4%
First Half, 2002	184.60
Annual Percentage Change	2.2%
First Half, 2003	187.80
Annual Percentage Change	1.7%
First Half, 2004	186.50
Annual Percentage Change	-0.7%
First Half, 2005	189.20
Annual Percentage Change	1.4%
First Half, 2006	196.30
Annual Percentage Change	3.8%
First Half, 2007	201.26
Annual Percentage Change	2.5%
First Half, 2008	208.74
Annual Percentage Change	3.7%
First Half, 2009	207.44
Annual Percentage Change	-0.6%
First Half, 2010	210.98
Annual Percentage Change	1.7%
First Half, 2011	219.06
Annual Percentage Change	3.8%
First Half, 2012	222.96
Annual Percentage Change	1.8%
Cumulative Percentage Change (Rounded)	30.1%

Source: U.S. Dept of Labor, Bureau of Labor Statistics

The primary statutory authority for these regulations can be found in § 24-4-103, C.R.S., and the state Wildlife Act, §§ 33-1-101 to 33-6-209, C.R.S., specifically including, but not limited to: §§ 33-1-106, C.R.S.

EFFECTIVE DATE - THESE REGULATIONS SHALL BECOME EFFECTIVE JANUARY 1, 2013 AND SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL REPEALED, AMENDED OR SUPERSEDED.

APPROVED AND ADOPTED BY THE PARKS AND WILDLIFE COMMISSION OF THE STATE OF COLORADO THIS 8th DAY OF NOVEMBER, 2012.

APPROVED:
John W. Singletary
Chairman

ATTEST:
Mark Smith
Secretary

2013 CPW Wildlife License Fee List

Note: This is a draft until Calendar Year 2013 when it will be finalized

TLS Codes	License Description	Comm. %	Customer Full Value*	Commission Rate	State Value
009	**SR LIFETIME LOW-INCOME FISHING**(S&R/Educ $1.00)	No Comm	$ -	$ -	$ -
011	**RESIDENT COMBO ANNUAL** (Small Game & Fishing)	4.75	$ 40.00	$ 1.90	$ 38.10
012	**RESIDENT FISHING ANNUAL**	4.75	$ 25.00	$ 1.19	$ 23.81
013	**RESIDENT SMALL GAME ANNUAL**	4.75	$ 20.00	$ 0.95	$ 19.05
014	**NON RESIDENT FISHING ANNUAL**	4.75	$ 55.00	$ 2.61	$ 52.39
015	**FISHING 5 DAY** (Non Resident only)	Fixed	$ 20.00	$ 1.20	$ 18.80
016	**NON RESIDENT SMALL GAME ANNUAL**	4.75	$ 55.00	$ 2.61	$ 52.39
018	**EXTRA ROD STAMP**	Fixed	$ 5.00	$ 0.30	$ 4.70
019	**RESIDENT OTC W/CAP ELK** (Bull,Either Sex,Cow)	4.75	$ 45.00	$ 2.14	$ 42.86
020	**NON RESIDENT OTC W/CAP ELK** (Cow)	Fixed	$ 350.00	$ 12.25	$ 337.75
022	**RESIDENT RIFLE ELK OTC** (Bull 2nd/3rd Rifle Seasons)	4.75	$ 45.00	$ 2.14	$ 42.86
023	**RESIDENT FALL BEAR OTC W/CAP**	4.75	$ 40.00	$ 1.90	$ 38.10
026	**NON RESIDENT RIFLE ELK OTC** (Bull 2nd/3rd Rifle)	Fixed	$ 585.00	$ 20.65	$ 564.35
027	**NON RESIDENT FALL BEAR OTC W/CAP**	Fixed	$ 350.00	$ 12.25	$ 337.75
029	**NON RESIDENT OTC W/CAP ELK** (Bull,ES)	Fixed	$ 585.00	$ 20.65	$ 564.35
030	**RESIDENT SR FISHING-ANNUAL** (S&R/Educ $1.00)	No Comm	$ -	$ -	$ -
031*	**RESIDENT SPRING TURKEY**	4.75	$ 20.00	$ 0.95	$ 19.05
031*	**RESIDENT YOUTH SPRING TURKEY**	4.75	$ 10.00	$ 0.48	$ 9.52
034	**RESIDENT YOUTH ARCHERY EITHER SEX ELK**	4.75	$ 9.75	$ 0.46	$ 9.29
035	**NON RESIDENT YOUTH ARCHERY EITHER SEX ELK**	4.75	$ 99.75	$ 4.74	$ 95.01
037	**RESIDENT MOUNTAIN LION**	4.75	$ 40.00	$ 1.90	$ 38.10
038	**NON RESIDENT MOUNTAIN LION**	Fixed	$ 350.00	$ 12.25	$ 337.75
039	**YOUTH SMALL GAME ANNUAL**	4.75	$ 0.75	$ 0.04	$ 0.71
040	**FISHING-ONE DAY**	Fixed	$ 8.00	$ 0.60	$ 7.40
041	**RESIDENT FURBEARER**	4.75	$ 20.00	$ 0.95	$ 19.05
042	**NON RESIDENT FURBEARER**	4.75	$ 55.00	$ 2.61	$ 52.39
045	**FISHING ADDITIONAL DAY**	4.75	$ 5.00	$ 0.24	$ 4.76
046	**RESIDENT PLAINS ELK** (East of I-25 Only)(Either Sex)	4.75	$ 45.00	$ 2.14	$ 42.86
047	**NON RESIDENT PLAINS ELK** (East of I-25 Only)(Either S)	Fixed	$ 585.00	$ 20.65	$ 564.35
050	**COLORADO STATE WATERFOWL STAMP**	4.75	$ 5.00	$ 0.24	$ 4.76
051	**RESIDENT ARCHERY ANTLERLESS ELK**	4.75	$ 45.00	$ 2.14	$ 42.86
052	**NON RESIDENT ARCHERY ANTLERLESS ELK**	Fixed	$ 350.00	$ 12.25	$ 337.75
053*	**NON RESIDENT SPRING TURKEY**	4.75	$ 100.00	$ 4.75	$ 95.25
053*	**NON RESIDENT YOUTH SPRING TURKEY**	4.75	$ 75.00	$ 3.56	$ 71.44
054	**RESIDENT ARCHERY EITHER SEX ELK**	4.75	$ 45.00	$ 2.14	$ 42.86
055	**NON RESIDENT ARCHERY EITHER SEX ELK**	Fixed	$ 585.00	$ 20.65	$ 564.35
058	**ANNUAL SWA PERMIT** (Jumbo,Prewitt)	4.75	$ 36.00	$ 1.71	$ 34.29
059	**COLORADO WILDLIFE HABITAT STAMP WITH A LICENSE**	No Comm	$ 10.00		
060	**COLORADO WILDLIFE HABITAT STAMP TO VALIDATE A LIC**	4.75	$ 10.00	$ 0.48	$ 9.52
062	**COLORADO WILDLIFE LIFETIME HABITAT STAMP**	4.75	$ 300.00	$ 14.25	$ 285.75
064	**RESIDENT ARCHERY OTC PRONGHORN**	4.75	$ 30.00	$ 1.43	$ 28.57
066	**NON RESIDENT ARCHERY OTC PRONGHORN**	Fixed	$ 350.00	$ 12.25	$ 337.75
086	**BOWHUNTER EDUCATION CARD**	4.75	$ 5.00	$ 0.24	$ 4.76
087	**MOUNTAIN LION EDUCATION CARD**	4.75	$ 5.00	$ 0.24	$ 4.76
088	**HUNTER EDUCATION CARD** (Rifle)	4.75	$ 5.00	$ 0.24	$ 4.76
098	**YOUTH BIG GAME ACCESS PERMIT**	No Comm	$ -	$ -	$ -
092	**LANDOWNER VOUCHER**(DETERMINED by LICENSE SOLD)				
099	**BIG GAME ACCESS PERMIT** (Adult)	4.75	$ 40.00	$ 1.90	$ 38.10
128	**RESIDENT OTC W/CAP ELK** (Youth)(Bull,Either Sex,Cow)	4.75	$ 9.75	$ 0.46	$ 9.29
129	**NON RESIDENT YOUTH OTC W/CAP ELK**(Bull,ES,Cow)	4.74	$ 99.75	$ 4.74	$ 95.01
131*	**RESIDENT FALL TURKEY**	4.75	$ 15.00	$ 0.71	$ 14.29
131*	**RESIDENT YOUTH FALL TURKEY**	4.75	$ 10.00	$ 0.48	$ 9.52
132	**RESIDENT YOUTH ELK OTC** (Bull)	4.75	$ 9.75	$ 0.46	$ 9.29
133	**NON RESIDENT YOUTH ELK OTC** (Bull)	4.75	$ 99.75	$ 4.74	$ 95.01
134	**RESIDENT YOUTH ARCHERY ELK** (Cow)	4.75	$ 9.75	$ 0.46	$ 9.29

2013 CPW Wildlife License Fee List

Note: This is a draft until Calendar Year 2013 when it will be finalized

TLS Codes	License Description	Comm. %	Customer Full Value*	Commission Rate	State Value
135	**NON RES YOUTH ARCHERY ELK** (Cow)	4.75	$ 99.75	$ 4.74	$ 95.01
140	**SMALL GAME-ONE DAY**	Fixed	$ 10.00	$ 0.60	$ 9.40
145	**SMALL GAME ADDITIONAL DAY**	4.75	$ 5.00	$ 0.24	$ 4.76
146	**RESIDENT YOUTH PLAINS ELK** (East of I-25 Only)(EE)	4.75	$ 9.75	$ 0.46	$ 9.29
147	**NON RES YOUTH PLAINS ELK** (E of I-25 Only)(EE)	4.75	$ 99.75	$ 4.74	$ 95.01
150	**COLORADO GUMBACK COLLECTOR STAMP**	4.75	$ 2.50	$ 0.12	$ 2.38
153*	**NON RESIDENT FALL TURKEY**	4.75	$ 100.00	$ 4.75	$ 95.25
153*	**NON RESIDENT YOUTH FALL TURKEY**	4.75	$ 75.00	$ 3.56	$ 71.44
159	**RESIDENT YOUTH EXTENDED FALL TURKEY**	4.75	$ 10.00	$ 0.48	$ 9.52
160	**NON RESIDENT YOUTH EXTENDED FALL TURKEY**	4.75	$ 75.00	$ 3.56	$ 71.44
232	**RESIDENT YOUTH ARCHERY OTC PRONGHORN**	4.75	$ 9.75	$ 0.46	$ 9.29
233	**NON RESDNT YOUTH ARCHERY OTC PRONGHORN**	4.75	$ 99.75	$ 4.74	$ 95.01
	REPLACEMENTS/DUPLICATES				
011	**RESIDENT COMBO ANNUAL**	4.75	$ 5.00	$ 0.24	$ 4.76
012	**RESIDENT FISHING ANNUAL**	4.75	$ 5.00	$ 0.24	$ 4.76
013	**RESIDENT SMALL GAME ANNUAL**	4.75	$ 5.00	$ 0.24	$ 4.76
014	**NON RESIDENT FISHING ANNUAL**	4.75	$ 5.00	$ 0.24	$ 4.76
016	**NON RESIDENT SMALL GAME ANNUAL**	4.75	$ 5.00	$ 0.24	$ 4.76
041	**RESIDENT FURBEARER**	4.75	$ 5.00	$ 0.24	$ 4.76
042	**NON RESIDENT FURBEARER**	4.75	$ 5.00	$ 0.24	$ 4.76
NOTE	**ALL OTHER LICENSE REPLACEMENTS/DUPLICATES ARE FIFTY PERCENT OF THE COST OF THE ORIGINAL LICENSE, NOT TO EXCEED $25.00. COMMISSIONS ARE 4.75% OF THE REPLACEMENT COST.**				

2013 CPW Wildlife License Fee List

Note: This is a draft until Calendar Year 2013 when it will be finalized

TLS Codes	License Description	Comm. %	Customer Full Value*		Commission Rate		State Value	
	DRAW LICENSES FOR REPLACEMENTS							
561	RESIDENT MOUNTAIN GOAT AWARD	4.75	$	25.00	$	1.19	$	23.81
562	RESIDENT PRONGHORN AWARD	4.75	$	15.00	$	0.71	$	14.29
563	RESIDENT BIGHORN SHEEP AWARD	4.75	$	25.00	$	1.19	$	23.81
565	NON RESIDENT PRONGHORN AWARD	4.75	$	25.00	$	1.19	$	23.81
567	NON RESIDENT MOUNTAIN GOAT AWARD	4.75	$	25.00	$	1.19	$	23.81
568	NON RESIDENT BIGHORN SHEEP AWARD	4.75	$	25.00	$	1.19	$	23.81
571	RESIDENT DEER YOUTH ONLY AWARD	4.75	$	4.88	$	0.23	$	4.65
572	NON RESIDENT DEER YOUTH ONLY AWARD	4.75	$	25.00	$	1.19	$	23.81
573	RESIDENT ELK YOUTH ONLY AWARD	4.75	$	4.88	$	0.23	$	4.65
574	NON RESIDENT ELK YOUTH ONLY AWARD	4.75	$	25.00	$	1.19	$	23.81
575	RESIDENT MOOSE AWARD	4.75	$	25.00	$	1.19	$	23.81
576	NON RESIDENT MOOSE AWARD	4.75	$	25.00	$	1.19	$	23.81
577	RESIDENT DESERT SHEEP AWARD	4.75	$	25.00	$	1.19	$	23.81
579	NON RESIDENT DESERT SHEEP	4.75	$	25.00	$	1.19	$	23.81
580	RESIDENT ELK AWARD	4.75	$	22.50	$	1.07	$	21.43
581	NON RESIDENT ELK AWARD	4.75	$	25.00	$	1.19	$	23.81
582*	RESIDENT SPRING TURKEY AWARD	4.75	$	10.00	$	0.48	$	9.52
582*	RESIDENT YOUTH SPRING TURKEY AWARD	4.75	$	5.00	$	0.24	$	4.76
583*	NON RESIDENT SPRING TURKEY AWARD	4.75	$	25.00	$	1.19	$	23.81
583*	NON RESIDENT YOUTH SPRING TURKEY AWARD	4.75	$	25.00	$	1.19	$	23.81
584*	RESIDENT FALL TURKEY AWARD	4.75	$	7.50	$	0.36	$	7.14
584*	RESIDENT YOUTH FALL TURKEY AWARD	4.75	$	5.00	$	0.24	$	4.76
585*	NON RESIDENT FALL TURKEY AWARD	4.75	$	25.00	$	1.19	$	23.81
585*	NON RESIDENT YOUTH FALL TURKEY AWARD	4.75	$	25.00	$	1.19	$	23.81
586	RESIDENT FALL BEAR AWARD	4.75	$	20.00	ena			#VALUE!
587	NON RESIDENT FALL BEAR AWARD	4.75	$	25.00	$	1.19	$	23.81
588	NON RESIDENT ANTLERLESS ELK AWARD	4.75	$	25.00	$	1.19	$	23.81
590	RESIDENT DEER AWARD	4.75	$	15.00	$	0.71	$	14.29
591	NON RESIDENT DEER AWARD	4.75	$	25.00	$	1.19	$	23.81
592	RESIDENT YOUTH DEER AWARD	4.75	$	4.88	$	0.23	$	4.65
593	NON RESIDENT YOUTH DEER AWARD	4.75	$	25.00	$	1.19	$	23.81
594	RESIDENT YOUTH ELK AWARD	4.75	$	4.88	$	0.23	$	4.65
595	NON RESIDENT YOUTH ELK AWARD	4.75	$	25.00	$	1.19	$	23.81
596	RESIDENT YOUTH PRONGHORN AWARD	4.75	$	4.88	$	0.23	$	4.65
597	NON RESIDENT YOUTH PRONGHORN AWARD	4.75	$	25.00	$	1.19	$	23.81
	SPECIAL LICENSES							
601	RESIDENT SPECIAL DEER	4.75	$	30.00	$	1.43	$	28.57
602	RESIDENT YOUTH SPECIAL DEER	4.75	$	9.75	$	0.46	$	9.29
604	RESIDENT SPECIAL ELK	4.75	$	45.00	$	2.14	$	42.86
605	RESIDENT YOUTH SPECIAL ELK	4.75	$	9.75	$	0.46	$	9.29
607	RESIDENT SPECIAL PRONGHORN	4.75	$	30.00	$	1.43	$	28.57
608	RESIDENT YOUTH SPECIAL PRONGHORN	4.75	$	9.75	$	0.46	$	9.29
610	NON RESIDENT SPECIAL DEER	Fixed	$	350.00	$	12.25	$	337.75
611	NON RESIDENT YOUTH SPECIAL DEER	4.75	$	99.75	$	4.74	$	95.01
613	NON RESIDENT SPECIAL ELK ANTLERLESS	Fixed	$	350.00	$	12.25	$	337.75
614	NON RESIDENT YOUTH SPECIAL ELK	4.75	$	99.75	$	4.74	$	95.01
616	NON RESIDENT SPECIAL PRONGHORN	Fixed	$	350.00	$	12.25	$	337.75
617	NON RESIDENT YOUTH SPECIAL PRONGHORN	4.75	$	99.75	$	4.74	$	95.01
619	RESIDENT SPECIAL MOOSE	4.75	$	250.00	$	11.88	$	238.12
620	RESIDENT YOUTH SPECIAL MOOSE	4.75	$	250.00	$	11.88	$	238.12
622	NON RESIDENT SPECIAL MOOSE	4.75	$	1,950.00	$	92.63	$	1,857.37
623	NON RESIDENT YOUTH SPECIAL MOOSE	4.75	$	1,950.00	$	92.63	$	1,857.37
625	RESIDENT SPECIAL MOUNTAIN GOAT	4.75	$	250.00	$	11.88	$	238.12
626	RESIDENT YOUTH SPECIAL MOUNTAIN GOAT	4.75	$	250.00	$	11.88	$	238.12

2013 CPW Wildlife License Fee List

Note: This is a draft until Calendar Year 2013 when it will be finalized

TLS Codes	License Description	Comm. %	Customer Full Value*	Commission Rate	State Value
628	**NON RESIDENT SPECIAL MOUNTAIN GOAT**	4.75	$ 1,950.00	$ 92.63	$ 1,857.37
629	**NON RESIDENT YOUTH SPECIAL MTN GOAT**	4.75	$ 1,950.00	$ 92.63	$ 1,857.37
631	**SPECIAL BIGHORN SHEEP (Both Non-Res & Res.)**	4.75	To be determined.		
632	**RESIDENT SPECIAL BEAR**	4.75	$ 40.00	$ 1.90	$ 38.10
633	**NON RESIDENT SPECIAL BEAR**	Fixed	$ 350.00	$ 12.25	$ 337.75
634	**RESIDENT SPECIAL MOUNTAIN LION**	4.75	$ 40.00	$ 1.43	$ 38.57
635	**NON RESIDENT SPECIAL MOUNTAIN LION**	Fixed	$ 350.00	$ 12.25	$ 337.75
636*	**RESIDENT SPECIAL TURKEY**	4.75	Prices		
636*	**RESIDENT YOUTH SPECIAL TURKEY**	4.75	to		
637*	**NON RESIDENT SPECIAL TURKEY**	4.75	be		
637*	**NON RESIDENT YOUTH SPECIAL TURKEY**	4.75	determined.		
638	**NON RESIDENT SPECIAL ELK** (Bull,ES)	Fixed	$ 585.00	$ 20.65	$ 564.35
646	**RESIDENT SPECIAL DEER DISEASE MGT**	Disease Mgt. pricing at			
647	**NON RESIDENT SPECIAL DEER DISEASE MGT**	discretion of Parks &			
648	**RESIDENT SPECIAL ELK DISEASE MGT**	Wildlife Commission.			
649	**NON RESIDENT SPECIAL ELK DISEASE MGT**				
	LEFTOVER LICENSES				
661	**RESIDENT MOUNTAIN GOAT LEFTOVER**	4.75	$ 250.00	$ 11.88	$ 238.12
662	**RESIDENT PRONGHORN LEFTOVER**	4.75	$ 30.00	$ 1.43	$ 28.57
663	**RESIDENT BIGHORN SHEEP LEFTOVER**	4.75	$ 250.00	$ 11.88	$ 238.12
665	**NON RESIDENT PRONGHORN LEFTOVER**	Fixed	$ 350.00	$ 12.25	$ 337.75
667	**NON RESIDENT MOUNTAIN GOAT LEFTOVER**	4.75	$ 1,950.00	$ 92.63	$ 1,857.37
668	**NON RESIDENT BIGHORN SHEEP LEFTOVER**	4.75	$ 1,950.00	$ 92.63	$ 1,857.37
671	**RESIDENT DEER YOUTH ONLY LEFTOVER**	4.75	$ 9.75	$ 0.46	$ 9.29
672	**NON RESIDENT DEER YOUTH ONLY LEFTOVER**	4.75	$ 99.75	$ 4.74	$ 95.01
673	**RESIDENT ELK YOUTH ONLY LEFTOVER**	4.75	$ 9.75	$ 0.46	$ 9.29
674	**NON RESIDENT ELK YOUTH ONLY LEFTOVER**	4.75	$ 99.75	$ 4.74	$ 95.01
675	**RESIDENT MOOSE LEFTOVER**	4.75	$ 250.00	$ 11.88	$ 238.12
676	**NON RESIDENT MOOSE LEFTOVER**	4.75	$ 1,950.00	$ 92.63	$ 1,857.37
677	**RESIDENT DESERT SHEEP LEFTOVER**	4.75	$ 250.00	$ 11.88	$ 238.12
679	**NON RESIDENT DESERT SHEEP LEFTOVER**	4.75	$ 1,300.00	$ 61.75	$ 1,238.25
680	**RESIDENT ELK LEFTOVER** (Bull)	4.75	$ 45.00	$ 2.14	$ 42.86
681	**NON RESIDENT ELK LEFTOVER** (Bull)	Fixed	$ 585.00	$ 20.65	$ 564.35
682*	**RESIDENT SPRING TURKEY LEFTOVER**	4.75	$ 20.00	$ 0.95	$ 19.05
682*	**RESIDENT YOUTH SPRING TURKEY LEFTOVER**	4.75	$ 10.00	$ 0.48	$ 9.52
683*	**NON RESIDENT SPRING TURKEY LEFTOVER**	4.75	$ 100.00	$ 4.75	$ 95.25
683*	**NON RES YOUTH SPRING TURKEY LEFTOVER**	4.75	$ 75.00	$ 3.56	$ 71.44
684*	**RESIDENT FALL TURKEY LEFTOVER**	4.75	$ 15.00	$ 0.71	$ 14.29
684*	**RESIDENT YOUTH FALL TURKEY LEFTOVER**	4.75	$ 10.00	$ 0.48	$ 9.52
685*	**NON RESIDENT FALL TURKEY LEFTOVER**	4.75	$ 100.00	$ 4.75	$ 95.25
685*	**NON RESIDENT YOUTH FALL TURKEY LEFTOVER**	4.75	$ 75.00	$ 3.56	$ 71.44
686	**RESIDENT FALL BEAR LEFTOVER**	4.75	$ 40.00	$ 1.90	$ 38.10
687	**NON RESIDENT FALL BEAR LEFTOVER**	Fixed	$ 350.00	$ 12.25	$ 337.75
688	**NON RESIDENT ANTLERLESS ELK LEFTOVER**	Fixed	$ 350.00	$ 12.25	$ 337.75
690	**RESIDENT DEER LEFTOVER**	4.75	$ 30.00	$ 1.43	$ 28.57
691	**NON RESIDENT DEER LEFTOVER**	Fixed	$ 350.00	$ 12.25	$ 337.75
692	**RESIDENT YOUTH DEER LEFTOVER**	4.75	$ 9.75	$ 0.46	$ 9.29
693	**NON RESIDENT YOUTH DEER LEFTOVER**	4.75	$ 99.75	$ 4.74	$ 95.01
694	**RESIDENT YOUTH ELK LEFTOVER**	4.75	$ 9.75	$ 0.46	$ 9.29
695	**NON RESIDENT YOUTH ELK LEFTOVER**	4.75	$ 99.75	$ 4.74	$ 95.01
696	**RESIDENT YOUTH PRONGHORN LEFTOVER**	4.75	$ 9.75	$ 0.46	$ 9.29
697	**NON RESIDENT YOUTH PRONGHORN LEFTOVER**	4.75	$ 99.75	$ 4.74	$ 95.01

2013 CPW Wildlife License Fee List

Note: This is a draft until Calendar Year 2013 when it will be finalized

TLS Codes	License Description	Comm. %	Customer Full Value*	Commission Rate	State Value
	PARK PASSES				
807	**NON RESIDENT OFF HIGHWAY VEHICLE PERMIT**	4.75	**$ 25.00**	**$ 1.19**	**$ 23.81**
	WATERFOWL LICENSES				
901	**FEDERAL WATERFOWL STAMP**	4.75	**$ 15.00**	**$ 0.72**	**$ 14.28**
	WILDLIFE OFFICE'S ONLY				
089	**LICENSE EXCHANGE**				
091	**ADMIN LICENSE REPLACEMENT**				
010	**REPLACEMENT SR LIFETIME COMBO**				
	CPW LICENSE SERVICES ONLY				
902	**LIFETIME SOC.SEC. FISHING & DUPLICATE**				
903	**LIFETIME VA COMBO & DUPLICATE**				
NOTE	***Turkey codes are the same for adult and youth.**				
	Cost determination by customer's age.				
	*** Search and Rescue and Peak Fees are not included**				

5. If the electronic permitting system will increase efficiency within the DRMS, could the Department capture sufficient savings to fund system development?

2:10-2:30 QUESTIONS ASSOCIATED WITH THE COLORADO GEOLOGICAL SURVEY

ISSUE: Colorado Geological Survey Transfer to the School of Mines (H.B. 12-1355 Update)

6. Pursuant to H.B. 12-1355, the Colorado Geological Survey will transfer to the Colorado School of Mines on January 31, 2013, if the Department of Natural Resources and the School of Mines sign a memorandum of understanding (MOU) by December 31, 2012. Please discuss the current status of the MOU, specifically including: (1) the functions that will be transferred to the School of Mines and continue to be supported with severance tax funds; (2) the functions that will no longer be supported with severance tax funds and will be effectively terminated unless alternative funding sources are found; and (3) the plan (under the anticipated MOU) to support ongoing work associated with carbon sequestration and geothermal energy research that will no longer receive severance tax funding.

7. According to page 22 of the Joint Budget Committee Staff Briefing document pertaining to the Colorado Geological Survey, the anticipated MOU would eliminate funding for the Geological Survey's work mapping and reporting on Colorado's energy and minerals industries. How does the Department intend to archive all of the information collected and reported to date? Will existing data, maps, and reports remain available to the public?

8. The anticipated MOU would retain the Colorado Avalanche Information Center (CAIC) within the Department of Natural Resources, which would require legislation. Please discuss the reasons for retaining the CAIC within the Department and the Department's preferred "location" within the Department? For example, does the Department intend to incorporate the CAIC into the Executive Director's Office?

9. Please provide more background on the Geological Survey's collection of minerals and energy activities data. How long has the Geological Survey collected this information, and what is the path forward to continue to make information available to the public, including future production data?

2:30-3:00 QUESTIONS FOR THE OIL AND GAS CONSERVATION COMMISSION

ISSUE: Oil and Gas Development – OGCC Request for 5.0 Additional FTE

10. The General Assembly appropriated an additional 7.0 FTE to the OGCC during the 2012 Session, including 2.0 local government liaisons, 2.0 field inspectors, 1.0 hearings officer, 1.0 environmental protection specialist, and 1.0 engineer. Please explain the status of those

positions and whether those positions were directly related to hydraulic fracturing. In addition, please discuss whether and how the FTE added last year have helped increase the frequency of inspections in FY 2012-13.

11. As discussed in the issue paper beginning on page 24 of the Joint Budget Committee Staff Budget Briefing Document pertaining to the Oil and Gas Conservation Commission (OGCC), the Department is requesting an additional 5.0 FTE and associated funding for the Oil and Gas Conservation Commission. The FY 2013-14 request includes 3.0 new field inspector FTE, with a goal of inspecting each active well statewide, on average, every three years. Please explain how the requested FTE would affect the frequency of inspections. Is the Department confident that the requested FTE will allow well inspections to be completed in a timely manner? How many additional FTE would the Oil and Gas Conservation Commission need in order inspect every well annually?

12. Please discuss the scope of current field inspections. For example, would current field inspections be likely to find subsurface contamination that was not visible at the surface? What additional resources would the Department require to be able to perform more detailed inspections?

13. The Oil and Gas Conservation Commission has previously signed an MOU with Gunnison County enabling county employees to conduct well inspections. Please discuss that process and whether it could serve as a promising model in other counties.

14. The Department has reported an increase in reported spills and releases as an indicator of increased workload for the OGCC environmental staff. Please discuss the OGCC's reporting requirements for spills. That is, what events are companies required to report? Are there categories or tiers of spills and releases?

15. As shown in the graph on page 28 of the Joint Budget Committee Staff Briefing Document pertaining to the OGCC, dated November 27, 2012, the Department is reporting increases in both reported spills and submitted remediation plans. The Department appears to have experienced a significant increase in the submission of remediation plans in FY 2009-10. Please explain that increase.

16. Please discuss the current structure of fines and penalties for spills and releases, as well as other violations regulated by the OGCC. How much revenue is collected for OGCC fines and penalties? Are fine revenues used to support OGCC operations?

17. The Department also discusses the number of “active wells” statewide as an important workload measure for the requested positions. Please define “active well.” That is, at what point in the drilling/production process does a well become “active” for workload measure purposes?

18. The Department is requesting sufficient resources to hire all of the requested positions at salaries above the range minimum, and has indicated that the requested salaries are based on the salaries required for recently hired positions. The General Assembly approved salaries above the range minimum for the 5.0 FTE approved for FY 2012-13. Please discuss whether the FY 2012-13 appropriation enabled a successful hiring process.

3:00-3:20 QUESTIONS FOR THE STATE BOARD OF LAND COMMISSIONERS

<u>ISSUE: State Land Board Initiatives and the FY 2013-14 Request</u>

19. The Joint Budget Committee Staff Briefing Document including the State Board of Land Commissioners (SLB) includes discussions of the SLB’s request for 2.0 additional FTE and associated resources to attempt to diversify SLB revenues. The Department’s goal is to double recreation leasing revenues by FY 2017-18. With declining participation in hunting, please discuss how the SLB intends to increase recreation revenues.

20. Please discuss the SLB’s management of forested lands. Could the agency increase revenues by changing its management of timber?

21. Under current law, the SLB receives $5.0 million per year for the Investment and Development Fund to invest in properties to increase returns. Please discuss the interaction between the Investment and Development Fund and the request for additional staff to diversify the SLB’s revenue streams.

22. Current SLB revenues rely heavily upon oil and gas, specifically on one-time bonus payments for oil and gas leases. If a company leases SLB land for oil and gas development but does not develop the lease, does the lease effectively expire? Is that land then available to auction again?

23. Please explain the SLB’s current leasing practices for oil and gas. Specifically, are lessees leasing specific “zones” or strata for oil and gas production, or do the leases allow access to all resources under a given area of land?

3:20-3:35 BREAK

3:35-4:15 QUESTIONS FOR THE DIVISION OF PARKS AND WILDLIFE

24. Can Great Outdoors Colorado (GOCO) Board funds be used to fund municipal parks through local governments? Is the Division of Parks and Wildlife restricted in how it can use GOCO Board funds?

ISSUE: Wildlife Cash Fund Performance Audit

25. Provide an update on the progress the Division of Parks and Wildlife has achieved in training Division staff and ensuring accuracy when calculating the unobligated reserve of the Wildlife Cash Fund, as recommended in the May 2012 audit report. Provide a comparison calculation of what the unobligated reserve is for the Wildlife Cash Fund for FY 2011-12, FY 2012-13 estimate, and FY 2013-14 estimate.

26. Can the Division of Parks and Wildlife include the unobligated reserve calculation of the Wildlife Cash Fund as part of the cash fund report (Schedule 9) provided with the Division's November 1 budget request?

27. What projects were delayed or eliminated as part of the $32.4 million Wildlife Cash Fund reporting error discussed in the May 2012 audit report? Has the Department funded any of the delayed projects, is there a plan on when all delayed projects will be funded? What measures is the Division of Parks and Wildlife implementing to raise the Wildlife Cash Fund unobligated reserve to 10.0 percent of annual revenue?

ISSUE: Division of Parks and Wildlife Merger and Cost Savings

28. Discuss the Division of Parks and Wildlife *Merger Implementation Plan* and how its recommendations will translate into specific budget savings and reductions as described in the Department *Request-8 Merger Cost Savings and FTE Reduction*.

29. How is the Department calculating FTE savings related to *Request-8 Merger Cost Savings and FTE Reduction*?

30. Provide a detailed list of hunting and fishing fees paid by in-state and out-of-state hunters and fishermen. Provide an analysis of any recent fee increases.

31. How can the Division of Parks and Wildlife make it easier for young hunters (14 to 18 year old) to obtain hunting licenses?

4:15-4:45 QUESTIONS FOR THE COLORADO WATER CONSERVATION BOARD

32. Were additional funds, other than the $1.6 million obligated from the Perpetual Base Account of the Severance Tax Trust, used for wildfire emergencies this year?

33. Provide an update on the current status of the State's drought mitigation and response plan and the impact wildfires are having on watersheds and the threat of floods.

34. Does the current drought impact the State Water Supply Initiative (SWSI) 2050 projections?

35. Please discuss how the expansion of oil and gas development affects projections of future water needs.

36. What level of per-capita consumption does the CWCB use in its projections of future water use? In particular, what is the range of per-capita consumption by region? Is the CWCB using projections of water use provided by water entities, such as Denver Water, or does CWCB use its own estimates? How does per-capital consumption compare region-by-region?

37. The CWCB estimates providing new project loans in FY 2012-13 totaling $34.0 million from the CWCB Construction Fund and another $40.0 million from the Perpetual Base Account of the Severance Tax Trust Fund. Provide a table itemizing, by name of project and amount obligated, the total number of loans that have been obligated thus far, as well as a list of additional loan applications that are currently under consideration.

38. Provide an update on H.B. 12-1278, South Platte River Alluvial Aquifer Study.

4:45-5:00 QUESTIONS FOR THE WATER RESOURCES DIVISION

<u>ISSUE: Water Resources Division Budget Re-Organization and Funding Request</u>

39. Discuss the specific advantages and budget efficiencies to be achieved if Department *Request-3 Water Resources Division Line Item Consolidation is approved*.

40. The Department states that the current Long Bill line item structure in the Water Resources Division is potentially misleading with regards to programmatic activities and expenditures. Provide a breakdown by programmatic area and personal services versus operating expenses of what the Water Resources Division spends for water administration, dam safety and well inspections.

41. Of the amounts spent for water administration, provide a breakdown of total expenditures for different functions, such as the Republican River Compact Compliance, and other functions.

42. Provide an itemized breakdown of Water Resources Division Operating Expenses by expense type.

43. Discuss how the Department has addressed Joint Budget Committee concerns expressed during FY 2012-13 figure setting related to Department *Request-3 Water Resources Division Line Item Consolidation is approved*.

44. Does data from the Satellite Monitoring System link with the U.S. Geological Survey?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. The Joint Budget Committee has recently reviewed the State Auditor's Office *Annual Report of Audit Recommendations Not Fully Implemented* (October 2012). If this report identifies any recommendations for the Department that have not yet been fully implemented and that fall within the following categories, please provide an update on the implementation status and the reason for any delay.

   a. Financial audit recommendations classified as material weaknesses or significant deficiencies;
   b. Financial, information technology, and performance audit recommendations that have been outstanding for three or more years.