

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2006-07 SUPPLEMENTAL: DEPARTMENT OF NATURAL RESOURCES PRIORITIZED AND NON-PRIORITIZED REQUESTS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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**DEPARTMENT OF NATURAL RESOURCES
FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

TABLE OF CONTENTS

	Numbers Page	Narrative Page
Supplemental #1 - EDO – Legal Services Funding (DRMS)	1	7
Supplemental #2 - OGCC – Chancery Leased Space	1	9
Supplemental #3 - State Parks – Cheyenne Mountain Operations	2	10
Supplemental #4 - State Parks – River Outfitters Vehicle	2	12
Supplemental #5 - State Parks – Leased Space (Lone Mesa)	3	13
Supplemental #6 - DWR – Glenwood Springs Office Building	4	14
Supplemental #7 - State Parks – Leased Space Technical Change	5	16
Statewide Common Policy Supplemental Requests	6	17
Totals for All Supplementals	6	N.A.

FY 2006-07 Supplemental

	FY 2005-06 Actual	FY 2006-07 Appropriation	Requested Change	Recommended Change	New Total With Recommendation
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DEPARTMENT OF NATURAL RESOURCES
Executive Director: Harris Sherman

Supplemental #1 -- Legal Services Division of Mining Reclamation & Safety

(1) Executive Director's Office

(A) Administration and Information Technology Services

Legal Services	2,507,423	2,680,439	57,605	57,605	2,738,044
<i>Hours Equivalent</i>	<u>38,905</u>	<u>39,552</u>	<u>850</u>	<u>850</u>	<u>40,402</u>
General Fund	746,450	1,008,990	0	0	1,008,990
Cash Funds	445,460	565,510	57,605	57,605	623,115
Cash Funds Exempt	1,280,733	1,060,613	0	0	1,060,613
Federal Funds	34,780	45,326	0	0	45,326

Supplemental #2 -- Additional Leased Space Funding (Oil & Gas Conservation Commission)

(1) Executive Director's Office

(A) Administration and Information Technology Services

Leased Space	<u>747,262</u>	<u>857,309</u>	<u>7,412</u>	<u>7,412</u>	<u>864,721</u>
General Fund	415,326	496,573	0	0	496,573
Cash Funds	214,088	251,524	7,412	7,412	258,936
Cash Funds Exempt	95,069	86,124	0	0	86,124
Federal Funds	22,779	23,088	0	0	23,088

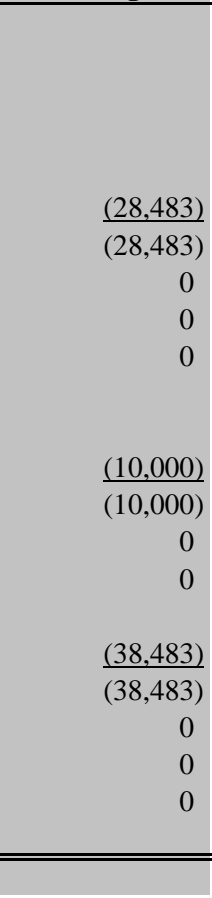
	FY 2005-06 Actual	FY 2006-07 Appropriation	Requested Change	FY 2006-07 Supplemental Recommended Change	New Total With Recommendation
Supplemental #3 -- Cheyenne Mountain Operations					
(6) Division of Parks and Outdoor Recreation					
(A) State Park Operations					
FTE	20,702,539	23,021,384	48,084	48,084	23,069,468
	<u>218.8</u>	<u>242.6</u>	<u>0.0</u>	<u>0.0</u>	<u>242.6</u>
General Fund	2,401,289	2,725,997	0	0	2,725,997
Cash Funds	17,036,182	17,684,427	48,084	48,084	17,732,511
Cash Funds Exempt	947,060	2,191,060	0	0	2,191,060
Federal Funds	318,008	419,900	0	0	419,900
Supplemental #4 -- River Outfitters Vehicle					
(6) Division of Parks and Outdoor Recreation					
(C) Special Purpose					
River Outfitters Regulation - CF	54,224	74,466	38,000	0	74,466

FY 2006-07 Supplemental

	FY 2005-06 Actual	FY 2006-07 Appropriation	Requested Change	Recommended Change	New Total With Recommendation
Supplemental #5 -- State Parks Leased Space (Lone Mesa)					
(1) Executive Director's Office					
(A) Administration and Information Technology Services					
Leased Space	<u>747,262</u>	<u>857,309</u>	<u>1,200</u>	<u>1,200</u>	<u>858,509</u>
General Fund	415,326	496,573	1,200	1,200	497,773
Cash Funds	214,088	251,524	0	0	251,524
Cash Funds Exempt	95,069	86,124	0	0	86,124
Federal Funds	22,779	23,088	0	0	23,088
(6) Division of Parks and Outdoor Recreation					
(A) State Park Operations					
FTE	<u>218.8</u>	<u>242.6</u>	<u>0.0</u>	<u>0.0</u>	<u>242.6</u>
General Fund	2,401,289	2,725,997	(1,200)	(1,200)	2,724,797
Cash Funds	17,036,182	17,684,427	0	0	17,684,427
Cash Funds Exempt	947,060	2,191,060	0	0	2,191,060
Federal Funds	318,008	419,900	0	0	419,900
Total for Supplemental #5	21,449,801	23,878,693	0	0	23,878,693
FTE	<u>218.8</u>	<u>242.6</u>	<u>0.0</u>	<u>0.0</u>	<u>242.6</u>
General Fund	2,816,615	3,222,570	0	0	3,222,570
Cash Funds	17,250,270	17,935,951	0	0	17,935,951
Cash Funds Exempt	1,042,129	2,277,184	0	0	2,277,184
Federal Funds	340,787	442,988	0	0	442,988

FY 2006-07 Supplemental

	FY 2005-06 Actual	FY 2006-07 Appropriation	Requested Change	Recommended Change	New Total With Recommendation
Supplemental #6 -- Glenwood Springs Office Building					
(1) Executive Director's Office					
(A) Administration and Information Technology Services					
Leased Space	<u>747,262</u>	<u>857,309</u>	<u>(28,483)</u>	<u>(28,483)</u>	<u>828,826</u>
General Fund	415,326	496,573	(28,483)	(28,483)	468,090
Cash Funds	214,088	251,524	0	0	251,524
Cash Funds Exempt	95,069	86,124	0	0	86,124
Federal Funds	22,779	23,088	0	0	23,088
(7) Division of Water Resources					
Operating Expenses	<u>1,390,032</u>	<u>1,518,586</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>1,508,586</u>
General Fund	900,524	1,024,078	(10,000)	(10,000)	1,014,078
Cash Funds	398,979	403,979	0	0	403,979
Cash Funds Exempt	90,529	90,529	0	0	90,529
Total for Supplemental #6	<u>2,137,294</u>	<u>2,375,895</u>	<u>(38,483)</u>	<u>(38,483)</u>	<u>2,337,412</u>
General Fund	1,315,850	1,520,651	(38,483)	(38,483)	1,482,168
Cash Funds	613,067	655,503	0	0	655,503
Cash Funds Exempt	185,598	176,653	0	0	176,653
Federal Funds	22,779	23,088	0	0	23,088



FY 2006-07 Supplemental

	FY 2005-06 Actual	FY 2006-07 Appropriation	Requested Change	Recommended Change	New Total With Recommendation
Supplemental #7 -- State Parks Leased Space Technical Change					
(1) Executive Director's Office					
(A) Administration and Information Technology Services					
Leased Space	<u>747,262</u>	<u>857,309</u>	<u>15,400</u>	<u>15,400</u>	<u>872,709</u>
General Fund	415,326	496,573	15,400	15,400	511,973
Cash Funds	214,088	251,524	0	0	251,524
Cash Funds Exempt	95,069	86,124	0	0	86,124
Federal Funds	22,779	23,088	0	0	23,088
(6) Division of Parks and Outdoor Recreation					
(A) State Park Operations					
FTE	<u>218.8</u>	<u>242.6</u>	<u>0.0</u>	<u>0.0</u>	<u>242.6</u>
General Fund	2,401,289	2,725,997	(15,400)	(15,400)	2,710,597
Cash Funds	17,036,182	17,684,427	0	0	17,684,427
Cash Funds Exempt	947,060	2,191,060	0	0	2,191,060
Federal Funds	318,008	419,900	0	0	419,900
Total for Supplemental #7	21,449,801	23,878,693	0	0	23,878,693
FTE	<u>218.8</u>	<u>242.6</u>	<u>0.0</u>	<u>0.0</u>	<u>242.6</u>
General Fund	2,816,615	3,222,570	0	0	3,222,570
Cash Funds	17,250,270	17,935,951	0	0	17,935,951
Cash Funds Exempt	1,042,129	2,277,184	0	0	2,277,184
Federal Funds	340,787	442,988	0	0	442,988

FY 2006-07 Supplemental

	FY 2005-06 Actual	FY 2006-07 Appropriation	Requested Change	Recommended Change	New Total With Recommendation
Common Policy -- Statewide Supplementals					
(see narrative for more detail)	N.A.	N.A.	<u>(279,633)</u>	<u>Pending</u>	N.A.
General Fund			(31,506)		
Cash Funds			391,648		
Cash Funds Exempt			(646,552)		
Federal Funds			6,777		
DEPARTMENT OF NATURAL RESOURCES (All Divisions)					
TOTAL FUNDS	178,253,316	195,061,772	(167,015)	74,618	195,136,390
FTE	<u>1,479.2</u>	<u>1,466.8</u>	<u>0.0</u>	<u>0.0</u>	<u>1,466.8</u>
General Fund	22,801,682	28,534,012	(69,989)	(38,483)	28,495,529
Cash Funds	38,808,642	39,837,017	542,749	113,101	39,950,118
Cash Funds Exempt	102,124,517	109,938,993	(646,552)	0	109,938,993
Federal Funds	14,518,475	16,751,750	6,777	0	16,751,750

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Supplemental # 1 - Legal Services Funding in DRMS for Oil Shale Expenses

	Request	Recommendation
Total	<u>\$57,605</u>	<u>\$57,605</u>
General Fund	0	0
Cash Funds	57,605	57,605
Cash Funds Exempt	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
This request was submitted as "New Data" based on the fact that the Department was not aware that oil shale permits would be approved by the federal government in FY 2006-07 at the time the budget was prepared in the 2006 legislative session. Staff concurs with this assessment.	

Department Request: The Department has requested an appropriation of \$57,605 cash funds (Operational Account of the Severance Tax Trust Fund) for 850 hours of Legal Services in FY 2006-07 to review two oil shale permits that are anticipated to be received between November 2006 and June 2007.

The Bureau of Land Management anticipates five 160-acre research and development leases to be authorized to assess the feasibility of extracting oil from oil shale. According to the request, commercial production leases may occur by 2008. Commercial leases would be authorized on 5,000-acre plots. DRMS will be the lead agency on all phases of permitting, bonding, inspection, enforcement, and citizen's involvement for the pilot projects and the commercial leases.

Each of the five pilot projects must apply for a state mining permit through the Division of Reclamation, Mining, and Safety (DRMS). In its supplemental request, the Department anticipates reviewing two of these five permits in the current fiscal year. The Department justified its request based on the need for legal services to review permits within the 180-day time period required by law. The Department contends that, due to the complexity of the operations, and the potential for environmental degradation, it is important for careful legal review during the permitting process.

Note: The Department's #1 Decision Item for FY 2007-08 is also related to workload issues for oil shale permitting. The Department requested \$213,418 cash funds (Operational Account of the Severance Tax Trust Fund) and 1.0 FTE. Of this amount, \$128,763 is for 1,900 hours of legal services.

**DEPARTMENT OF NATURAL RESOURCES
FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Staff Analysis: Staff makes the following observations regarding this supplemental request.

1. *Supplemental Criteria Met.* Staff believes that the request meets supplemental criteria of "New Data". The Department was not in a position to quantify the potential workload associated with reviewing oil shale permits when the FY 2006-07 budget was set during the 2006 legislative session.
2. *Workload Estimates Appear Reasonable.* Staff believes that it is reasonable for the Department to estimate 850 hours of workload to review two permits for the pilot projects. Staff understands that the proposed technology for the oil shale sites is different from prior approaches to mining oil shale. Of the 850 hours requested, the Division estimates that 350 hours will be required by the Mining Reclamation Board. The remaining 500 hours will be used by the Division of Reclamation, Mining, and Safety. The Board spent 43 percent of the through October 2006. The Division only spent 30 percent of their allocated hours through October 2006. However, the Department has advised JBC staff that one of its attorneys was absent at the beginning of the year. When the attorney returns, the Department will be on track to spend its existing appropriation.
3. *Existing Appropriation Insufficient.* Staff believes that the Department cannot absorb the workload within its existing budget. The Department is on track to spend its entire appropriation for "Legal Services" in FY 2006-07. As such, staff believes it is feasible for the Department to absorb the increase in workload associated with reviewing oil shale permits.
4. *Funding Source Appropriate.* Staff believes that the request for an appropriation from the Operational Account of the Severance Tax Trust Fund. Section 39-29-101, C.R.S., states that the fund is "for the use in funding programs that promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water."
5. *Fund Balance Sufficient.* Recent estimates from the Department of Natural Resources indicate that this request can be funded within the existing fund balance. JBC staff concurs with this assessment. Based on the December 2006 Legislative Council Staff projection, JBC staff estimates that \$547,408 cash funds are available in FY 2006-07 to support this supplemental request.
6. *Potential Negative Consequences if Not Approved.* There are a number of potential impacts associated with the large-scale development of oil shale. These include economic impacts to local communities, environmental impacts to habitat, air quality, and water quality, increases in state revenues, programmatic and budgetary impacts to state regulatory agencies, and impacts associated with the development of infrastructure to support the oil shale extraction activities. Because the state is setting a percent with the use of in-situ technology, staff believes it is useful to provide the requested funds.

Staff Recommendation: Staff recommends that the committee approve the request for a supplemental appropriation of \$57,605 cash funds (Operational Account of the Severance Tax Trust Fund) for 850 hours of legal services.

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Supplemental # 2 - OGCC – Chancery Leased Space

	Request	Recommendation
Total	<u>\$7,412</u>	<u>\$7,412</u>
General Fund	0	0
Cash Funds	7,412	7,412
Cash Funds Exempt	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
This request was submitted under the supplemental criteria of "New Data". Details regarding the availability of additional leased space for the Oil and Gas Conservation Commission were not available when the FY 2006-07 budget was set. JBC staff concurs with the Department's assessment and believes that this request meets the supplemental criteria.	

Department Request: The Department has requested an appropriation of \$7,412 cash funds (Oil and Gas Conservation and Environmental Response Fund) for the "Leased Space" line item in FY 2006-07.

Background: The Department contends that a shortage of leased space Oil and Gas Conservation Commission (OGCC) has existed for two years. The Department has advised JBC staff that there is currently no office space for FTE that were requested for FY 2007-08 as a part of the November 2006 budget request for an additional 4.0 FTE and an oil shale consultant (Decision Item #4). Accordingly, Decision Item #4 included a request for \$25,196 cash funds (Oil and Gas Conservation and Environmental Response Fund) for "Leased Space" in FY 2007-08.

Opportunity for Leased Space: On December 1, 2006, the Division of Parks and Outdoor Recreation vacated 1,333 square feet of space contiguous to the 10,612 square feet of space that is currently leased by the Oil and Gas Conservation Commission in the Chancery building in downtown Denver. The Division of Parks and Outdoor Recreation negotiated to move to a larger suite in the building at no additional cost. The landlord has agreed to hold the space available until March 1, 2007. The Department requested this supplemental appropriation for OGCC to occupy this space for the last four months of FY 2006-07.

Staff Analysis: Staff makes the following observations regarding this request:

1. *Continuing Workload.* OGCC's workload continues to be a challenge for the Department. The Department estimates that it will process an average of 500 permits per month in FY 2006-07.

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

2. *Appropriate Fund Source.* The Oil and Gas Conservation Environmental Response Fund established in Section 34-30-124, C.R.S., is to be used for paying expenses associated with the Oil and Gas Conservation Commission.
3. *Sufficient Fund Balance.* The Department estimates that the fund will have a \$4.2 million fund balance by the end of FY 2006-07.
4. *Logical Plan.* Staff believes that it is appropriate for OGCC to secure leased space that is contiguous to leased space that the division currently occupies. If the space is not occupied on March 1, 2007, the space may be leased to another entity.

Staff Recommendation: Staff recommends that the committee approve the Department's request for a supplemental appropriation of \$7,412 cash funds (Oil and Gas Conservation and Environmental Response Fund) for "Leased Space" in FY 2006-07.

Note: The request was submitted to accommodate additional staff that are requested through Decision Item #4 based on the Department's response to a growing workload in processing oil and gas permits. If the JBC is inclined to reject the request for additional staff for OGCC in FY 2007-08, the additional leased space requested through this supplemental appropriation may not be necessary.

Supplemental # 3 - State Parks – Cheyenne Mountain Operations

	Request	Recommendation
Total	<u>\$48,084</u>	<u>\$48,084</u>
General Fund	0	0
Cash Funds	48,084	48,084
Cash Funds Exempt	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
<i>[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]</i>	
<p>The Department submitted this request under the supplemental criteria of "An Unforeseen Contingency". The Department anticipates opening the campground prior to the end of FY 2006-07, with a correlated increase in cash fee revenue. The campground is opening earlier than anticipated due to an increase in GOCO funds and state lottery funds that will be used at the park. The additional GOCO funds were not anticipated at the time the FY 2006-07 budget was prepared. As such, staff believes that the request meets the supplemental criteria.</p>	

**DEPARTMENT OF NATURAL RESOURCES
FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Department Request: The Department requests \$48,084 cash funds (Division of Parks and Outdoor Recreation Cash Fund) for additional expenses associated with the operation of the Cheyenne Mountain State Park. The Department anticipates receiving \$1.8 million in additional funds for capital construction costs at Cheyenne Mountain State Park — cash funds exempt from Great Outdoors Colorado and Lottery proceeds. This funding will enable accelerated development of park facilities such as picnic areas and comfort stations. Ultimately, the Department estimates receiving more revenue from campers and park visitors in the last few months of FY 2006-07. The Department request funding for additional seasonal workers and associated operating expenses using the additional revenue anticipated from the increase in visitors at the park.

Staff Analysis: Staff makes the following observations with respect to this request.

1. *Supplemental Criteria Met.* Staff believes that the request meets supplemental criteria. When the FY 2006-07 budget was set, the Department was not in a position to estimate that facilities at the park would be ready by the end of FY 2006-07 because of increased lottery sales.
2. *Appropriate Fund Source.* The Division of Parks and Outdoor Recreation Cash Fund is an appropriate source of funding for the request. Pursuant to Section 33-10-111, C.R.S., this fund is to be used for the administration, management, and supervision of the state parks system.
3. *Sufficient Fund Balance.* The Division of Parks and Outdoor Recreation Cash fund has a sufficient fund balance to support the request. The Department estimates that fund will have a balance of \$1.7 million at the end of FY 2006-07. Furthermore, the Department estimates that \$49,772 in additional revenue will be received in FY 2006-07 related to the opening of Cheyenne Mountain State Park. This revenue should be sufficient to cover the requested appropriation.
4. *Request Justified.* The Department has indicated that Cheyenne Mountain State Park will incur additional costs in FY 2006-07 as a result of opening earlier than previously anticipated. These costs are related to staffing the park with seasonal workers to maintain facilities in the campground, including camp sites and the camper services building. The Department also has an agreement with the City of Colorado Springs to have staff person on the grounds of the facility, 24 hours per day 7 days per week due to the fire danger that exists in the park (when the campground is in use). The Department also estimates additional operating costs for items such as trash removal, trash bags, cleaning supplies, uniforms, and office supplies. Of the funds requested, the Department estimates \$27,334 for staff in the seasonal work program, plus \$20,750 for "consumable" operating expenses — custodial supplies, paper products, herbicide, trash bags, and office supplies.

Staff Recommendation: Staff recommends that the committee approve the request for a supplemental appropriation of \$48,084 cash funds (Division of Parks and Outdoor Recreation Cash Fund) in FY 2006-07.

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Supplemental # 4 - State Parks – River Outfitters

	Request	Recommendation
Total	<u>\$38,000</u>	<u>\$0</u>
General Fund	0	0
Cash Funds	38,000	0
Cash Funds Exempt	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	NO
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
The Department did not identify which supplemental criteria were met by the request. Staff does not believe the request meets any of the supplemental criteria.	

Department Request: The Department requests an appropriation of \$38,000 cash funds (River Outfitter Regulation Fund). The request is for a one-ton truck to be used by the Division of Parks and Outdoor Recreation to conduct inspections on river rafter companies. The Division uses its seasonal work force to conduct inspections and to work as peace officers as river ranges. The Department request, if approved, would enable the Division to increase the number of inspections it performs. The Division currently has three rangers, with three vehicles. In the 2006 season, the Division reported that the rangers conducted inspections on 1/3 of the companies each year — there are 177 companies with approximately 3,000 guides. Of these, 77 companies were inspected, and the qualifications of 826 guides were checked. Additionally, the Division conducted 229 river safety inspections, and investigated 58 commercial boat accidents, included three fatalities.

Staff Analysis: Staff makes the following observations with respect to this request.

1. *Supplemental Criteria Not Met.* The request does not meet any of the supplemental criteria.
2. *Clear Business Case Not Delineated.* The request does not demonstrate a clear business case why the additional resources are needed. Ultimately, the question of how many resources to provide this program is related to the basic policy objective: "What percentage of river operators should be inspected each year?" If the General Assembly determines that inspecting 1/3 of the outfitters is not sufficient, additional resources may be appropriate. However, staff believes that it would be more appropriate to examine this objective through the decision item process, not through the supplemental process.

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Staff Recommendation: Staff recommends that the committee deny the request for an appropriation of \$38,000 cash funds (River Outfitters Cash Fund). This request does not meet any of the supplemental criteria.

Supplemental # 5 - State Parks – Lease Line Increase (Lone Mesa)

	Request	Recommendation*
Total	<u>\$0</u>	<u>\$0</u>
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0

Note: The Department request a transfer of \$1,200 General Fund from the "Operating Expense" line item and the "Leased Space" line item. Staff recommends approval of the request.

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
This request was submitted under the supplemental criteria of "New Data". The availability of additional leased space for the Long Mesa State Park in the Division of Parks and Outdoor Recreation was not available when the FY 2006-07 budget was set. JBC staff concurs with the Department's assessment and believes that this request meets the supplemental criteria.	

Department Request: The Department requests to increase the appropriation to the "Leased Space" line by \$1,200 General Fund with a corresponding reduction of \$1,200 General Fund from the "State Park Operations" line item.

DNR — Supplemental #5	
Line Item	General Fund
Leased Space	1,200
State Park Operations	<u>(1,200)</u>
Total	0

Background: The Department currently leases space in Dolores, near Lone Mesa State Park. In October, the Division was notified that an additional 320 square feet of leased space would become available on March 1,

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

2007. This space is contiguous to the space currently leased by the Division. The Division advised staff that the numbers of visitors to Lone Mesa State Park in FY 2005-06 increased by 20 percent over the prior year. The Division has requested this additional leased space for law enforcement operations at the state park. The space will enable the Division to handle law enforcement functions to be conducted confidentially. The space is estimated to cost \$300 per month. The Department requests four months of funding in FY 2006-07, with annualization of an additional \$2,400 in FY 2007-08 (to be self-funded with a transfer from the "State Park Operations" line item.

Staff Analysis: Staff makes the following observations with respect to this request:

1. *Supplemental Criteria Met.* The Department was not aware that the leased space would become available until October 2006. As such, it meets the supplemental criteria of "New Data".
2. *Fund Source Appropriate.* Staff believes that it is useful that the Department requested to "self-fund" the project with a corresponding reduction to another line item in the Department's budget.
3. *Business Case for Additional Leased Space.* With a 20 percent increase in the number of visitors to the state park, staff believes that there is value of providing funds for law enforcement activities in the park to be conducted confidentially.
4. *Consistent with Long Bill Headnotes.* Staff believes that there is value for state agencies to comply with the Long Bill headnote definitions. This request, if approved, would allow the Department to pay for additional leased space from the appropriate line item in the Department's budget.

Staff Recommendation: Staff recommends that the committee approve the request to increase the appropriation to the "Leased Space" line by \$1,200 General Fund with a corresponding reduction of \$1,200 General Fund from the "State Park Operations" line item.

Supplemental # 6 - Division of Water Resources – Glenwood Springs Office Building

	Request	Recommendation
Total	(\$38,483)	(\$38,483)
General Fund	(38,483)	(38,483)
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0

**DEPARTMENT OF NATURAL RESOURCES
FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
The Department requested this supplemental under the criteria of "New Data". The Department is going to occupy leased space later than anticipated with the FY 2006-07 budget was set. Staff concurs with the assessment that this is "New Data".	

Department Request: The Department requests a *reduction* of \$38,483 General Fund for expenses associated with leasing space from the Colorado Department of Transportation in FY 2006-07. The request includes a budget amendment for a reduction of \$47,972 General Fund in FY 2007-08.

DNR — Supplemental #6 (General Fund)			
Line Item	FY 2006-07	FY 2007-08	Total
Leased Space	(28,483)	(57,972)	(86,455)
Division of Water Resources – Operating Expense	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>
Total	(38,483)	(47,972)	(86,455)

Background: The Department requested, and received, an appropriation to allow Water Division 5 (in Glenwood Springs) to move from its current location to a new building being constructed by the Colorado Department of Transportation. According to the request, the project has been delayed because of a delay in signing an intergovernmental agreement, an unexpected requirement by the City of Glenwood Springs for the construction of a new traffic light for traffic control, and a concern raised by the Glenwood Hot Springs Lodge and Pool that the project would interfere with the geothermal resources used by their business. These issues have been resolved, but the project will not be completed until June 2008.

Staff Analysis: Staff makes the following observations with respect to this request.

1. *Supplemental Criteria Met.* The Department was not aware of the CDOT delays when the budget was approved for FY 2006-07.
2. *Useful to Save General Fund.* Given the shortage of General Fund dollars, staff believes that there is merit to reducing appropriations that will not be needed by the Department.

Staff Recommendation: Staff recommends that the committee approve the request for a supplemental appropriation for a *reduction* of \$38,483 General Fund in FY 2006-07.

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Supplemental #7 - State Parks – Leased Space Increase (Technical Correction Ft. Collins)

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
The Department request to correct a technical error in the Long Bill. This error was brought to the Department's attention by the Department's controller in an effort to comply with the Long Bill head note definitions. Staff concurs with the Department's assessment.	

Department Request: The Department requests increasing the spending authority for the "Leased Space" line item by \$15,400 General Fund with a corresponding reduction from the "State Park Operations" line item.

Dept. Of Natural Resources – Supplemental Request #7	
General Fund	
Leased Space	15,400
State Parks Operations	<u>(15,400)</u>
Total	0

The Division of Parks and Outdoor Recreation in the Department of Natural Resources currently occupies space in Ft. Collins that is owned by Colorado State University (CSU). CSU does not charge the Department for this space. However, the Division is required to reimburse the Department for utilities expenses associated with the space. Historically, the Division has reimbursed CSU from its "State Park Operations" line item. The Department's controller has advised the Department's budget staff that utilities expenses associated with leased space should be paid from the "Leased Space" line item, not from the "Operating Expense" line item.

Staff Analysis: Staff makes the following observations regarding this requested supplemental appropriation.

1. *Supplemental Criteria Met.* Staff believes that this request meets the supplemental criteria of "Technical Correction".

**DEPARTMENT OF NATURAL RESOURCES
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

2. *Consistent with Long Bill Headnotes.* Staff believes that there is value for state agencies to comply with the Long Bill headnote definitions. This request, if approved, would allow the Department to pay for expenses related to leased space from the appropriate line item in the Department's budget.

Staff Recommendation: Staff recommends that the committee approve the request to increase the appropriation to the "Leased Space" line item by \$15,400 General Fund, with a corresponding reduction in the "State Park Operations" line item of \$15,400 General Fund in FY 2006-07.

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet . These items will be acted on separately by the JBC when it makes a decision regarding common policies.

Department of Natural Resources' Portion of Statewide Supplemental Request	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total	FTE
1. Vehicle Lease Reconciliation	(\$72,597)	(\$25,164)	(\$59,384)	(\$2,676)	(\$159,821)	0.0
2. Workers' Compensation	(260,158)	(38,283)	(812,971)	(1,021)	(1,112,433)	0.0
3. Payments to Risk Management	173,134	30,365	217,052	2,203	422,754	0.0
4. Multiuse Network Payments (MNT)	38,242	(40,569)	(1,239)	(446)	(4,012)	0.0
5. Purchase of Services from Computer Center (GGCC)	16,259	404,576	0	0	420,835	0.0
6. Communication Services Payments	48,106	32,594	288	0	80,988	0.0
7. Capitol Complex Lease	25,508	28,129	9,702	8,717	72,056	0.0
Total Statewide Supplemental Requests for Department of Natural Resources	(31,506)	391,648	(646,552)	6,777	(279,633)	0.0

Staff Recommendation: The specific staff recommendation for these requests is pending committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the committee approves this common policy supplemental. If staff believes there is reason to deviate from the common policy, staff will appear before the committee later to present the relevant analysis.