

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



**FY 2008-09 STAFF BUDGET BRIEFING:
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT -
ENVIRONMENTAL DIVISIONS ONLY**

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

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December 11, 2007**

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**FY 2008-09 Budget Briefing
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
- Environmental Divisions Only -**

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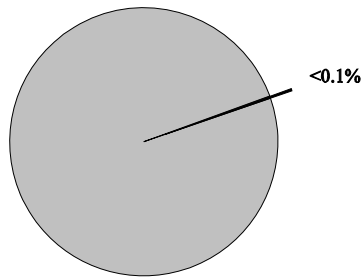
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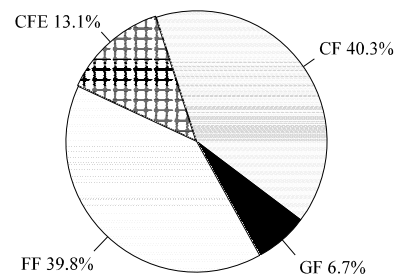
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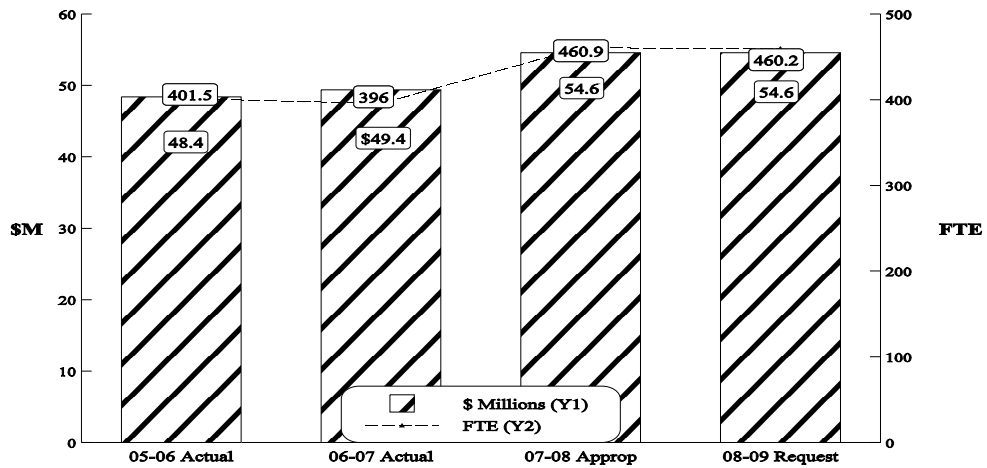
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**Department of Public Health and Environment
- Environmental Sections Only -**

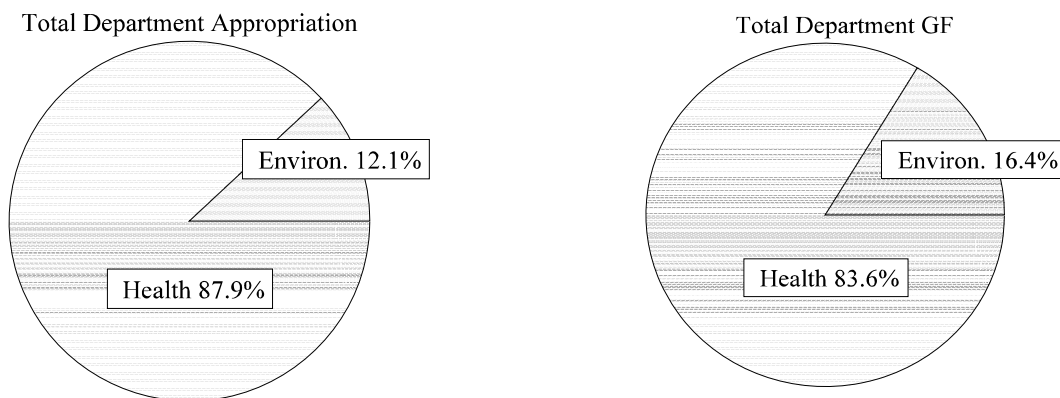
Department Overview

Key Responsibilities

- ▶ Monitors the state's air and water quality to ensure compliance with applicable state and federal regulations, such as the Federal Clean Air Act and the Safe Drinking Water Act.
- ▶ Evaluates and investigates strategies aimed at reducing or controlling air and water pollution by issuing discharge permits, collecting and analyzing emissions data, monitoring the success of state implementation plans and attainment redesignation requests, and enforcing rules and regulations adopted by the environmental oversight commissions.
- ▶ Provides technical assistance and statewide coordination for waste and drinking water treatment facilities.
- ▶ Regulates the treatment, storage, and disposal of solid and hazardous wastes, including the implementation of the Federal Superfund Program and oversight of the Rocky Flats Legacy Management Agreement implementation.
- ▶ Enforces sanitation standards designed to prevent and control diseases transmitted by food, insects, or rodents.

Factors Driving the Budget

For FY 2007-08, funding for these divisions consists of 6.7 percent General Fund, 53.4 percent cash and cash funds exempt, and 39.8 percent federal funds. Funding for the environmental divisions comprises 12.1 percent of the Department's total budget, and 16.4 percent of the Department's General Fund. The Water Quality Control Division and the Consumer Protection Division receive all of the General Fund appropriated to the environmental divisions.



Oil and Gas Development: The Air Quality Control Division

In recent years, oil and gas development has exploded in this state. In 2002, the industry was just starting to grow and emissions were unregulated. Since then, while other source types have been reducing total volatile organic compound (VOC) emissions in an effort to comply with federal air standards, the oil and gas industry has surpassed both mobile sources (vehicles) and area sources (such as lawn and garden sources; architectural coatings; and pesticide applications) to become the greatest source of VOC emissions on the Front Range.

VOC is a precursor to ground-level ozone, which is a pollutant known to cause numerous health problems and which is regulated by the federal Environmental Protection Agency (EPA). Even before the oil and gas boom, the Front Range was in danger of violating the federal ozone standards and had entered into an agreement with EPA to prevent a non-attainment designation. However, during the past three summers, ozone levels in the region violated standards enough times to result in a non-compliance designation by the EPA. As a result, the state must now consider more stringent standards on all sources of VOC and develop a new State Implementation Plan for ozone. The Division requested and obtained an emergency supplemental in October 2007 for \$220,000 (cash funds exempt and federal funds) to fund air quality modeling work for the new State Implementation Plan.

The growth in oil and gas development has also resulted in increased demand for permits and inspections. In FY 2007-08, the Legislature provided the Division with 7.0 additional FTE: 4.0 FTE were specifically intended to help implement new oil and gas regulations, and 3.0 FTE were intended to address workload growth.

Evolving Needs and Emerging Regulations: The Air Quality Control Division

In addition to workload increases that are being driven by economic and population growth, the Air Quality Control Division is facing several evolving needs and emerging regulations in the next several years that may require additional resources to adequately address. For example, stricter federal ozone standards have been proposed and may be adopted in 2008; the Governor's office has identified the reduction of greenhouse gas emissions as a state priority; the auto emissions "high-emitter" pilot program is underway and the Air Quality Control Commission must determine whether and at what level it will continue; and federal and state climate-change and wildfire reduction initiatives may be developed. The Division anticipates a need for at least 14.0 FTE in the next three years. Current and anticipated programmatic demands and funding needs are discussed in more detail in the briefing issue that begins on page 50.

Fee Changes & General Fund Support: The Water Quality Control Division

Prior to FY 2003-04, Water Quality Control Division (WQCD) programs were funded through a mix of approximately 20 percent General Fund, 20 percent fee revenue, and 60 percent federal dollars. In response to the state budget crisis, the Legislature looked to reduce and/or eliminate General Fund support for programs that could be financed with user fees. As part of this effort, the Division lost all General Fund support beginning in FY 2003-04 (approximately \$2.0 million). The WQCD was given a short time with which to consult with the stakeholder community and develop a legislative

proposal to replace the lost General Fund monies with fees. The resulting statutory fee changes included a 66 percent increase in wastewater permit fees, and, for the first time, the establishment of a fee system for drinking water purveyors.

However, by December 2005, the WQCD had identified concerns about the ability of some of the new fees to adequately support the associated programs. The WQCD found that fees received from industrial and domestic wastewater permittees and concentrated animal feeding operations (CAFO) permittees, which were based on best programmatic workload estimates at that time, were not adequate to support the expenditures for those programs. As a result, those programs were being "subsidized" by excess fee revenue collected from stormwater and drinking water permittees.

During the 2005 legislative session, the Department proposed legislation that would adjust the fees, taking into consideration the amount of resources the Division provides to different parties for various services. Regardless, no legislation was introduced and the new fees and fee changes set in 2003 sunset on July 1, 2005. As a result, the FY 2005-06 Long Bill appropriation for the Water Quality Control Division included an increase in General Fund to replace the lost fee revenue.

In FY 2006-07, in response to concerns about the Division's ability to fulfill its statutory responsibilities, its General Fund appropriation was increased by approximately \$500,000, and it received 10.0 additional FTE. In FY 2007-08, the Division received another 8.2 cash-funded FTE in the Long Bill, and H.B. 07-1329 adjusted and created a variety of wastewater and drinking water fees to boost cash fund revenues, and appropriated an additional 4.0 FTE.

Evolving Needs and Emerging Regulations: The Water Quality Control Division

In addition to workload increases that are being driven by economic and population growth, the Water Quality Control Division is facing many evolving needs and emerging regulations in the next several years that may require additional resources to adequately address. For example, the EPA is finalizing three "wet weather" (spills/stormwater) policies that will increase the need for inspections of violations, will drive the need for additional compliance assistance, and will require audits of the 121 municipal separate stormwater sewer systems; changes to the ammonia and temperature standards adopted by the Water Quality Control Commission last year require new permits and technical assistance provided by staff; the Division is working with stakeholders to develop a policy to protect irrigated agriculture from discharges that may have high total dissolved solids (which affect plants); and the Division will be seeking delegation of the federal pretreatment and biosolids programs from EPA.

As mentioned above, the Division received 10.0 General Fund FTE in the FY 2006-07 Long Bill, and another 8.2 cash-funded FTE in the FY 2007-08 Long Bill, to continue to build its capabilities. Additionally, H.B. 07-1329 adjusted and created a variety of wastewater and drinking water fees which will boost cash fund revenues, and appropriated an additional 4.0 FTE. Despite this influx of resources, the Division anticipates a need for at least 52.3 FTE in the next three years. Current and anticipated programmatic demands and funding needs are discussed in more detail in the briefing issue beginning on page 41.

Contaminated Sites Cleanup: The Hazardous Materials and Waste Management Division

The Hazardous Materials and Waste Management Division accounts for 33.7 percent of the entire appropriation for the environmental divisions: \$18.3 million in FY 2007-08. The largest share of the Division's appropriation, \$7.8 million, is for the Contaminated Sites Cleanup program. This program has three primary responsibilities: (1) federal facilities oversight (to ensure protective cleanup and compliance with state and federal hazardous waste laws, regulations, and Superfund requirements at federal facilities); (2) the Superfund program (to minimize human exposure and environmental damage from hazardous sites by performing investigations, determining and designing appropriate remedies, overseeing implementation of those remedies, and ensuring on-going maintenance and monitoring when necessary); and (3) the Voluntary Cleanup and Redevelopment Program (to facilitate the cleanup and redevelopment of contaminated properties with expedited review of clean-up plans submitted by property owners).

Colorado has 23 Superfund sites, for which the state has varying degrees of financial responsibility for clean-up and on-going maintenance. Funding for the state's Superfund-related expenses is paid for out of the Hazardous Substance Response Fund (HSRF). Revenue for the HSRF comes from a portion of solid waste tipping fees. Beginning in 2002, there were concerns about the fund's long-term solvency after the Legislature transferred \$30.0 million of its fund balance to the General Fund. However, that transfer was repaid in January 2006. At present, the Department estimates that the fund will remain solvent through FY 2024-25. Factors that could change the state's costs and result in the need for more resources more quickly include: (1) the identification of additional Superfund sites; (2) changes in the estimated remediation and on-going maintenance costs at existing sites; (3) changes in federal policies; and (4) changes in the ability of responsible parties to pay their share of costs.

Federal Funds

Almost forty percent of the FY 2007-08 appropriation for the environmental divisions is funded by federal dollars, some of which requires a state matching contribution or maintenance of effort. The divisions currently manage over 100 different grants, including the EPA's Performance Partnership Grant: a two-year, multi-programmatic grant providing approximately \$18.3 million in federal dollars. The table below shows the actual federal funding received for FY 2002-03 through FY 2006-07, as well as the FY 2007-08 appropriation and FY 2008-09 request.

Federal Dollars (in millions)

Environmental Divisions	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Approp.	FY 08-09 Request
Total Federal Funds	\$20.8	\$21.2	\$20.2	\$22.4	\$22.5	\$21.7	\$20.1
Total Federal Funds as a Percent of Environ. Divisions' Budget	45.9%	40.0%	45.3%	47.4%	46.5%	39.9%	38.6%

The \$800,000 reduction from FY 2006-07 to FY 2007-08 is almost entirely due to the end of clean-up activities at the Rocky Flats site. All physical remediation was completed at Rocky Flats in October 2005. All hazardous waste units (tanks, storage pads, etc.) were closed and the Hazardous Waste Permit was terminated in July 2006. The post-closure agreement is the Rocky Flats Legacy Management Agreement (RFLMA). The U.S. Fish and Wildlife Service and the U.S. Department of Energy will maintain and manage portions of the site. The Hazardous Materials/Waste Management Division will continue to have a regulatory oversight role in the implementation of the RFLMA, in coordination with local communities and the EPA.

The \$1.6 million reduction from FY 2007-08 to FY 2008-09 is due to a decrease in federal grant monies allocated to the Air Quality Control Division by the EPA. The Division has determined that reducing and delaying expenditures in operating and contractual expenses will allow it the greatest flexibility in dealing with these reductions.

Summary of Major Legislation

- ✓ **H.B. 07-1288 (Solano/Shaffer): The Recycling Resources Economic Opportunity Act.** Increased existing solid waste disposal and waste tire fees to fund recycling incentives and waste management programs in the Department of Public Health and Environment and the Department of Local Affairs. For FY 2007-08, the bill appropriated: (1) \$3,307,565 cash funds from the Recycling Resources Economic Opportunity Fund and the Solid Waste Management Fund, and 4.8 FTE, to the Department of Public Health and Environment; and (2) \$732,565 cash funds from the Waste Tire Cleanup Fund, and 0.2 FTE, to Department of Local Affairs.
- ✓ **H.B. 07-1321 (Hodge/Sandoval): Reauthorization of the Wholesale Food Program.** Changed the repeal date of the Wholesale Food Manufacturing and Storage Facility Registration Program from July 1, 2007 to July 1, 2017. The FY 2007-08 Long Bill contained no appropriation for this program due to the repeal date in effect at the time the bill was introduced. Therefore, the bill also appropriated \$174,932 cash funds from the Wholesale Food Manufacturing and Storage Protection Cash Fund, and 1.5 FTE, to the Division of Consumer Protection for FY 2007-08.
- ✓ **H.B. 07-1329 (Curry/Boyd): Water Quality Fee Adjustments.** Adjusted and established a variety of fees related to wastewater discharge permits and drinking water systems. For FY 2007-08, appropriated \$488,031 and 4.0 FTE to the Water Quality Control Division, including an increase of \$506,291 cash funds from the Drinking Water Cash Fund and the Water Quality Control Fund. This increase was partially offset by a reduction of \$18,260 General Fund from the Department's Long Bill appropriation. The reduction eliminated General Fund support for the Individual Sewage Disposal Systems program, which will now be supported with fee revenue.
- ✓ **H.B. 07-1341 (Curry/Isgar): Oil and Gas Conservation Commission Adjustments.** Modified the membership of the Colorado Oil and Gas Conservation Commission and required the Commission to promulgate rules that establish a timely and efficient procedure for the review of drilling permit applications. Required the Department of Public Health and Environment to provide comments on the Commission's rules and to review permit applications. For the FY 2007-08 fiscal year, appropriated \$100,000 cash funds and 1.0 FTE to the Department.
- ✓ **S.B. 06-114 (Kester/Gardner): Housed Commercial Swine Feeding Operations.** Allowed wastewater vessels and impoundments used in a housed commercial swine operation to be maintained with technologies or practices to minimize the emission of odorous gases so long as those technologies are at least as effective as covers. Established an annual fee for housed commercial swine feeding operations. Appropriated \$52,312 cash funds from the Commercial Swine Feeding Operation Fund, and 0.5 FTE, to the Air Quality Control Division in FY 2006-07.

- ✓ **S.B. 06-171 (Johnson/Lindstrom): Transfer State Board of Health Authorities.** Transferred the authority regarding drinking water standards, project eligibility lists, and fee setting from the State Board of Health to the Water Quality Control Commission. Also transferred authority regarding solid waste from the State Board of Health to the Solid and Hazardous Waste Commission. Specified that costs associated with the Solid and Hazardous Waste Commission be split equally between the Solid and Hazardous Waste Commission Fund and Solid Waste Management Fund. Amended the FY 2006-07 appropriation to the Department by increasing cash funds from the Solid Waste Management Fund by \$48,660 and providing a commensurate decrease from the Solid and Hazardous Waste Commission Fund.

- ✓ **H.B. 06-1302 (Stengel/Gordon): Emissions Testing / Clean Screen Program.** Required the Department to develop a "high emitter program" for auto emissions testing that is acceptable to the federal Environmental Protection Agency. Required an increase in "clean screen" auto emissions testing. Changed the fee structure that supports the emissions testing program. Terminated the state's current vehicle emissions testing program effective December 31, 2010. Appropriated \$250,000 cash funds exempt from the Clean Screen Fund, and 1.5 FTE, to the Air Quality Control Division.

- ✓ **H.B. 06-1337 (Butcher/Entz): Water Quality Improvement Fund Penalties.** Increased the civil penalty for violations of water quality control provisions from up to \$10,000 to up to \$25,000 per violation per day. Required the Department to spend civil penalties collected on improving the water quality in impacted communities by awarding grants or providing matching funds for certain federal programs. Appropriated \$292,990 cash funds from the Water Quality Improvement Fund to the Water Quality Control Division in FY 2006-07.

- ✓ **H.B. 05-1126 (M. May/Groff): Regulate Waste Tire Haulers.** Appropriates \$21,375 cash funds from the Waste Tire Recycling Development Cash Fund, and 0.1 FTE, to the Hazardous Materials Waste Management Division to: conduct hearings and promulgate, monitor compliance with, and enforce rules regarding the disposal of waste tires; develop and maintain systems for waste tire hauler registration and waste tire hauler performance bonds; and respond to citizen complaints of illegal waste tire disposal.

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

Action <i>[Source is S.B. 07-237 unless noted]</i>	General Fund	Other Funds	Total Funds	Total FTE
Provide computer equipment for retail food inspectors.	\$65,000	(\$25,000) CF	\$40,000	0.0
Annualize salary survey increases awarded in FY 2006-07; partially offset by personal services base reductions	\$62,000	\$187,000 CF, CFE, FF	\$249,000	0.0
Annualize special bills and the FY 2006-07 supplemental bill, and eliminate FY 2006-07 one-time funding	(\$27,000)	(\$254,000) CF, CFE, FF	(\$281,000)	(0.4)
Per H.B. 07-1329, adjust and establish wastewater permit and drinking water system fees, and refinance General Fund support of the Individual Sewage Disposal Systems program	(\$18,000)	\$506,291 CF	\$488,291	0.0
Per H.B. 07-1288, fund recycling incentives and waste management programs using increased solid waste disposal and waste tire fees	\$0	\$3,307,565 CF	\$3,307,565	0.0
Provide resources to implement more stringent air quality control, monitoring, and reporting requirements for the oil and gas industry	\$0	\$709,000 CF	\$709,000	4.0
Provide resources to better implement Clean Water Act requirements	\$295,000	\$210,000 CF	\$505,000	7.0
Use Stationary Sources Control Fund reserves to contract with local agencies for additional air quality monitoring	\$0	\$380,000 CFE	\$380,000	0.0
Provide resources to the AQCD to address increased workload caused by oil and gas industry growth	\$0	\$252,000 CF	\$252,000	3.0
Provide resources for on-site wastewater management	\$0	\$102,000 CF	\$102,000	1.2
Provide resources to perform additional radiation control responsibilities	\$0	\$90,000 CF	\$90,000	1.0
Reduce base funding for oversight related to the Rocky Flats clean-up	\$0	(\$777,000) FF	(\$777,000)	4.1

**FY 2008-09 Joint Budget Committee Staff Budget Briefing
 Department of Public Health and Environment
 - Environmental Sections Only -**

Decision Items

The shaded decision items (numbers 10, 11, and 12) are those that affect the environmental divisions.

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF	CFE	FF	Total	FTE
1	Disease Control and Environmental Epidemiology: Increase funding for tuberculosis control and treatment <i>[Sections 25-4-501 to 513, C.R.S.]</i>	\$295,919	\$0	\$0	(\$4,287)	\$291,632	0.0
2	Disease Control and Environmental Epidemiology: Transfer the Colorado Immunization Information System (CIIS) from the Denver Health Sciences Center to CDPHE <i>[Section 25-4-2402, C.R.S.]</i>	669,112	0	0	0	669,112	10.1
3	Prevention Services: TGYS Program additional funding <i>[Section 25-20.5-201, C.R.S and following sections]</i>	1,000,000	0	0	0	1,000,000	0.0
4	Administrative Services: Refinancing the Office of Health Disparities infrastructure after a loss of private funds <i>[Section 25-4-2204, C.R.S. and following sections]</i>	58,240	0	0	0	58,240	3.0

Priority	Division: Description [Statutory Authority]	GF	CF	CFE	FF	Total	FTE
5	Health Facilities and Emergency Medical Services: Emergency Medical and Trauma Services data collection and grants [Sections 25-3.5-704]	0	0	290,474	0	290,474	1.5
6	Administration and Support: Add 1.0 FTE to the Administration and Support Division for department-wide internal audit and fiscal monitoring activities. [Sections 24-17-102 and 24-30-202]	0	0	55,708	0	55,708	1.0
7	Center for Health and Environmental Information: Vital records FTE increase to address workload growth [Sections 25-2-101, C.R.S. and following sections]	0	0	0	0	0	3.0
8	Center for Health and Environmental Information: Conduct more Behavioral Risk Factor Surveillance Surveys [Sections 25-20.5-305, C.R.S.]	0	0	237,346	0	237,346	5.0
9	Prevention Services: TGYS Program FTE to replace temporary staff [Section 25-20.5-201, C.R.S and following sections.]	0	0	0	0	0	1.0
10	Consumer Protection: Inspection cost increase due to DOC facility expansions [Sections 25-1.5-101 (1) (i) (I), C.R.S.]	0	0	808	0	808	0.0

Priority	Division: Description [Statutory Authority]	GF	CF	CFE	FF	Total	FTE
11	Hazardous Materials and Waste Management: Defense State Memorandum of Agreement (DSMOA) refinance ^a [Sections 25-15-301, 25-15-301.5, and 25-15-303, C.R.S.]	0	1,308,164	0	(1,308,164)	0	0.0
12	Multiple Divisions: Long Bill reorganization	0	0	0	0	0	0.0
Total Prioritized Requests		\$2,023,271	\$1,308,164	\$584,336	(\$1,312,451)	\$2,603,320	24.6
NP 1	Health Facilities and Emergency Medical Services: DHS Decision Item - Begin the transition of 20 group homes that are currently certified under the Home and Community Based Services for the Developmentally Disabled (HCBS-DD) waiver to CMS Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR) certification (CDPHE will conduct the surveys for CMS certification) [Sections 24-31-101, C.R.S.]	0	0	90,400	0	90,400	1.0
NP 2	Center for Health and Environmental Information: Adjustment to state Multi-use Network Payments	0	0	14,208	4,735	18,943	0.0
NP 3	Administration and Support: Statewide CSEAP program staffing	0	0	2,938	0	2,938	0.0
NP 4	Administration and Support: Statewide Vehicle Lease Payments decision item	0	0	(2,507)	(50,383)	(52,890)	0.0
Total Nonprioritized Requests		\$0	\$0	\$105,039	(\$45,648)	\$59,391	1.0
Total Request		\$2,023,271	\$1,308,164	\$689,375	(\$1,358,099)	\$2,662,711	25.6

^a Of the total refinancing requested in decision item #11, \$1,249,999 is in the Hazardous Materials and Waste Management Division and \$58,165 is in Administration and Support.

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 Department of Public Health and Environment
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Numbers Pages Overview

The Department of Public Health and Environment's FY 2008-09 request is \$40.4 million *less* than the FY 2007-08 appropriation. This change is primarily due to a significant reduction in cash funds exempt spending authority associated with tobacco monies. The Office of State Planning and Budgeting is forecasting a large decline in Amendment 35 revenue, and because a good portion of CDPHE's Amendment 35 revenue is appropriated twice in the Long Bill, that effect of the decline is magnified. Tobacco monies from the Master Settlement Agreement are expected to increase, but not enough to greatly offset the magnified Amendment 35 effect. These requested funding changes are found in the Health and Administrative Divisions and will be discussed in more detail in the briefing packet for those divisions in the Department. The following table shows the total requested change *for the Department*:

Requested Changes FY 2007-08 to FY 2008-09 - Department Wide -						
Category	GF^a	CF	CFE	FF	Total	FTE
FY 2007-08 Approp.	\$23,914,282	\$39,752,221	\$185,489,027	\$210,937,078	\$460,092,608	1,187.9
FY 2008-09 Request	\$26,295,756	\$42,324,996	\$141,499,838	\$209,569,644	\$419,690,234	1,212.9
Change	\$2,381,474	\$2,572,775	(\$43,989,189)	(\$1,367,434)	(\$40,402,374)	25.0
Percent Change	10.0%	6.5%	-23.7%	-0.6%	-8.8%	2.1%

^a The FY 2007-08 appropriation and the FY 2008-09 request both include \$513,000 General Fund Exempt.

The Department's FY 2008-09 request for its environmental divisions is approximately \$42,000 less than the FY 2007-08 appropriation. Increases due to decision item requests and annualization of employee benefits are offset by the personal services base reduction, the annualization of FY 2006-07 special bills and decision items, and federal funding reductions. The following table shows the total requested change *for the environmental divisions*:

Requested Changes FY 2007-08 to FY 2008-09						
<i>- Environmental Divisions Only -</i>						
Category	GF	CF	CFE	FF	Total	FTE
FY 2007-08 Appropriation ^a	\$3,656,050	\$21,938,946	\$7,224,213	\$21,787,238	\$54,606,447	460.9
Decision Items	\$0	\$1,249,999	\$808	(\$1,249,999)	\$808	0.0
Annualize FY 2007-08 Salary Survey and Performance-based Pay	\$141,907	\$512,377	\$175,114	\$0	\$829,398	0.0
Annualize SAED	\$5,588	\$25,781	\$8,547	\$0	\$39,916	0.0
Personal Services Base Reduction	(\$4,984)	(\$24,952)	(\$606)	(\$19,578)	(\$50,120)	0.0
Annualize FY 2007-08 Special Bills and Decision Items	(\$64,872)	\$77,268	(\$537,004)	(\$40,694)	(\$565,302)	(0.7)
Federal Funding Reductions	\$0	\$0	\$0	(\$297,039)	(\$297,039)	0.0
FY 2008-09 Request	\$3,733,689	\$23,779,419	\$6,871,072	\$20,179,928	\$54,564,108	460.2
Change	\$77,639	\$1,840,473	(\$353,141)	(\$1,607,310)	(\$42,339)	(0.7)
Percent Change	2.1%	8.4%	-4.9%	-7.4%	-0.1%	-0.2%

^a The FY 2007-08 appropriation shown here includes an emergency supplemental appropriation of \$220,184 (comprised of \$99,837 cash funds exempt and \$120,347 federal funds) approved by the JBC in October 2007. This funding is for ozone modeling contract costs for work that will be required due to the recent ozone non-attainment designation for the Denver Metro area.

- The \$77,600 increase in **General Fund** is due to requested increases of \$142,000 to annualize Salary Survey awards and \$5,588 for SAED. These increases are partially offset by reductions of \$65,000 for the annualization of FY 2007-08 special bills and decision items, and \$5,000 in Personal Services base reductions.
- The \$1,840,000 increase in **Cash Funds** is due to requested increases of: \$1,250,000 for decision items; \$512,000 to annualize Salary Survey awards; \$77,000 for the annualization of FY 2007-08 special bills and decision items; and \$26,000 for SAED. These increases are partially offset by \$25,000 in Personal Services base reductions.
- The \$353,000 decrease in **Cash Funds Exempt** is due to reductions of \$537,000 for the annualization of FY 2007-08 special bills and decision items, as well as \$606 in Personal Services base reductions. These reductions are partially offset by increases of \$175,000 to annualize salary survey awards and \$8,500 for SAED.
- The \$1,600,000 decrease in **Federal Funds** is the result of the following reductions: \$1,250,000 for decision items; \$300,000 in grant allocation reductions; \$41,000 for the annualization of FY 2007-08 special bills and decision items; and \$20,000 in Personal Services base reductions.
- The 0.7 **FTE** reduction is due to the annualization of FY 2007-08 special bills and decision items.

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT					
Executive Director: James Martin					

(5) AIR QUALITY CONTROL DIVISION

The Division enforces air quality regulations adopted by the Air Quality Control Commission and is responsible for providing air quality management services that contribute to the protection and improvement of public health, ecosystem integrity, and aesthetic values for odor and visibility. The sources of cash funds and cash fund exempt are the Stationary Sources Control Fund, the Automobile Inspection and Readjustment (AIR) Account of the Highway Users Tax Fund, the Lead Hazard Reduction Fund, and some fee and tuition revenue.

(A) Administration

Personal Services	339,560	352,212	346,758	362,922
FTE	<u>4.5</u>	<u>4.4</u>	<u>4.5</u>	<u>4.5</u>
Cash Funds	121,427	125,205	125,254	134,185
FTE	1.6	1.6	1.6	1.6
Cash Funds Exempt	130,618	140,958	131,095	138,328
FTE	1.5	1.5	1.5	1.5
Federal Funds	87,515	86,049	90,409	90,409
FTE	1.4	1.3	1.4	1.4
Operating Expenses - FF	8,197	8,609	9,187	9,187
Capital Outlay - CF	0	0	173,875	0
Indirect Cost Assessment	<u>2,262,250</u>	<u>2,095,791</u>	<u>2,544,396</u>	<u>2,531,439</u>
Cash Funds	1,050,056	978,124	1,265,843 a/	1,271,843
Cash Funds Exempt	752,571	659,316	858,732	858,732
Federal Funds	459,623	458,351	419,821	400,864

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request. vs. Approp.
SUBTOTAL - Administration	2,610,007	2,456,612	3,074,216	2,903,548	-5.6%
FTE	4.5	4.4	4.5	4.5	0.0%
Cash Funds	1,171,483	1,103,329	1,564,972	1,406,028	-10.2%
FTE	1.6	1.6	1.6	1.6	0.0%
Cash Funds Exempt	883,189	800,274	989,827	997,060	0.7%
FTE	1.5	1.5	1.5	1.5	0.0%
Federal Funds	555,335	553,009	519,417	500,460	-3.6%
FTE	1.4	1.3	1.4	1.4	0.0%

a/ Per H.B. 07-1341, this appropriation includes an increase of \$17,355 cash funds from the Oil and Gas Conservation and Environmental Response Fund, for costs associated with new requirements to provide support for the Oil and Gas Conservation Commission rulemaking and permitting.

(B) Technical Services

(1) Air Quality Monitoring

Personal Services	1,336,405	1,345,607	1,379,876	1,428,327
FTE	17.1	17.2	18.6	18.6
Cash Funds	57,295	57,616	60,075	60,711
FTE	1.3	1.5	1.7	1.7
Cash Funds Exempt	988,763	995,493	1,012,047	1,059,862
FTE	12.8	12.5	12.5	12.5
Federal Funds	290,347	292,498	307,754	307,754
FTE	3.0	3.2	4.4	4.4
Operating Expenses	112,814	112,393	112,815	112,815
Cash Funds Exempt	96,458	96,458	96,458	96,458
Federal Funds	16,356	15,935	16,357	16,357
Local Contracts	254,673	252,976	634,674	570,898
Cash Funds	84,270	84,270	84,270	84,270
Cash Funds Exempt	92,034	92,034	472,034	472,034
Federal Funds	78,369	76,672	78,370	14,594

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request. vs. Approp.
Subtotal - Air Quality Monitoring	1,703,892	1,710,976	2,127,365	2,112,040	-0.7%
FTE	<u>17.1</u>	<u>17.2</u>	<u>18.6</u>	<u>18.6</u>	0.0%
Cash Funds	141,565	141,886	144,345	144,981	0.4%
FTE	1.3	1.5	1.7	1.7	0.0%
Cash Funds Exempt	1,177,255	1,183,985	1,580,539	1,628,354	3.0%
FTE	12.8	12.5	12.5	12.5	0.0%
Federal Funds	385,072	385,105	402,481	338,705	-15.8%
FTE	3.0	3.2	4.4	4.4	0.0%
 (2) Modeling and Analysis					
Personal Services	731,424	774,530	845,095	857,354	
FTE	<u>9.3</u>	<u>9.8</u>	<u>11.1</u>	<u>11.1</u>	
Cash Funds	79,846	81,969	83,786	87,945	
FTE	1.4	1.4	1.4	1.4	
Cash Funds Exempt	181,572	200,541	190,608	198,708	
FTE	2.4	2.4	2.4	2.4	
Federal Funds	470,006	492,020	570,701	570,701	
FTE	5.5	6.0	7.3	7.3	
Operating Expenses	<u>550,061</u>	<u>332,050</u>	<u>248,370</u>	<u>180,870</u>	
Cash Funds	15,005	15,005	15,005	15,005	
Cash Funds Exempt	124,294	124,295	124,295	124,295	
Federal Funds	410,762	192,750	109,070	41,570	
Ozone Modeling Contracts			<u>220,184</u>	<u>79,653</u>	
Cash Funds Exempt			99,837 a/	0	
Federal Funds			120,347 a/	79,653	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
Subtotal - Modeling and Analysis	1,281,485	1,106,580	1,313,649	1,117,877	-14.9%
FTE	<u>9.3</u>	<u>9.8</u>	<u>11.1</u>	<u>11.1</u>	0.0%
Cash Funds	94,851	96,974	98,791	102,950	4.2%
FTE	1.4	1.4	1.4	1.4	0.0%
Cash Funds Exempt	305,866	324,836	414,740	323,003	-22.1%
FTE	2.4	2.4	2.4	2.4	0.0%
Federal Funds	880,768	684,770	800,118	691,924	-13.5%
FTE	5.5	6.0	7.3	7.3	0.0%
a/ On October 9, 2007, the JBC approved an emergency supplemental totaling \$220,184 for ozone modeling contract costs for work that is required due to the recent ozone non-attainment designation for the Denver Metro area.					
(3) Visibility and Risk Assessment					
Personal Services	431,776	446,913	446,159	465,336	
FTE	<u>4.9</u>	<u>4.8</u>	<u>5.4</u>	<u>5.4</u>	
Cash Funds	245,098	265,521	260,884	275,383	
FTE	2.8	2.8	2.8	2.8	
Cash Funds Exempt	75,875	97,517	79,076	83,754	
FTE	1.0	1.0	1.0	1.0	
Federal Funds	110,803	83,875	106,199	106,199	
FTE	1.1	1.0	1.6	1.6	
Operating Expenses - FF	39,141	35,175	39,142	26,634	
Request vs. Approp.					
Subtotal - Visibility and Risk Assesmt	470,917	482,088	485,301	491,970	1.4%
FTE	<u>4.9</u>	<u>4.8</u>	<u>5.4</u>	<u>5.4</u>	0.0%
Cash Funds	245,098	265,521	260,884	275,383	5.6%
FTE	2.8	2.8	2.8	2.8	0.0%
Cash Funds Exempt	75,875	97,517	79,076	83,754	5.9%
FTE	1.0	1.0	1.0	1.0	0.0%
Federal Funds	149,944	119,050	145,341	132,833	-8.6%
FTE	1.1	1.0	1.6	1.6	0.0%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
SUBTOTAL - Technical Services	3,456,294	3,299,644	3,926,315	3,721,887	-5.2%
FTE	<u>31.3</u>	<u>31.8</u>	<u>35.1</u>	<u>35.1</u>	0.0%
Cash Funds	481,514	504,381	504,020	523,314	3.8%
FTE	5.5	5.7	5.9	5.9	0.0%
Cash Funds Exempt	1,558,996	1,606,338	2,074,355	2,035,111	-1.9%
FTE	16.2	15.9	15.9	15.9	0.0%
Federal Funds	1,415,784	1,188,925	1,347,940	1,163,462	-13.7%
FTE	9.6	10.2	13.3	13.3	0.0%
(C) Mobile Sources					
(1) Research and Support					
Personal Services	1,506,112	1,494,458	1,555,067	1,599,828	
FTE	<u>19.6</u>	<u>18.4</u>	<u>20.0</u>	<u>20.0</u>	
Cash Funds Exempt	1,314,958	1,305,101	1,356,103	1,400,864	
FTE	17.1	16.0	17.1	17.1	
Federal Funds	191,154	189,357	198,964	198,964	
FTE	2.5	2.4	2.9	2.9	
Operating Expenses	<u>306,377</u>	<u>301,919</u>	<u>306,377</u>	<u>306,377</u>	
Cash Funds Exempt	288,127	288,127	288,127	288,127	
Federal Funds	18,250	13,792	18,250	18,250	
					Request vs. Approp.
Subtotal - Research and Support	1,812,489	1,796,377	1,861,444	1,906,205	2.4%
FTE	<u>19.6</u>	<u>18.4</u>	<u>20.0</u>	<u>20.0</u>	0.0%
Cash Funds Exempt	1,603,085	1,593,228	1,644,230	1,688,991	2.7%
FTE	17.1	16.0	17.1	17.1	0.0%
Federal Funds	209,404	203,149	217,214	217,214	0.0%
FTE	2.5	2.4	2.9	2.9	0.0%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Approp.	Request	Change Requests
(2) Inspection and Maintenance					
Personal Services - CFE	694,042	715,239	694,239	732,491	
FTE	9.3	7.2	9.2	9.2	
Operating Expenses - CFE	36,407	27,184	28,450	28,450	
Diesel Inspection/Maintenance Program	608,167	641,935	638,318	648,203	
FTE	<u>6.3</u>	<u>6.0</u>	<u>6.6</u>	<u>6.6</u>	
Cash Funds	152,589	139,749	174,277	174,277	
FTE	1.5	1.4	1.8	1.8	
Cash Funds Exempt	455,578	502,186	464,041	473,926	
FTE	4.8	4.6	4.8	4.8	
Clean Screen and High Emitter Programs - CFE		125,716	190,000	0	
FTE		1.5	1.5	0.0	
Mechanic Certification Program - CF	2,150	3,182	7,000	7,000	
FTE	0.0	0.0	0.1	0.1	
Local Grants - CFE	45,176	45,229	45,299	45,299	
					Request vs. Approp.
Subtotal - Inspection and Maintenance	1,385,942	1,558,485	1,603,306	1,461,443	-8.8%
FTE	<u>15.6</u>	<u>14.7</u>	<u>17.4</u>	<u>15.9</u>	-8.6%
Cash Funds	154,739	142,931	181,277	181,277	0.0%
FTE	1.5	1.4	1.9	1.9	0.0%
Cash Funds Exempt	1,231,203	1,415,554	1,422,029	1,280,166	-10.0%
FTE	14.1	13.3	15.5	14.0	-9.7%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	
SUBTOTAL - Mobile Sources	3,198,431	3,354,862	3,464,750	3,367,648	-2.8%
FTE	<u>35.2</u>	<u>33.1</u>	<u>37.4</u>	<u>35.9</u>	-4.0%
Cash Funds	154,739	142,931	181,277	181,277	0.0%
FTE	1.5	1.4	1.9	1.9	0.0%
Cash Funds Exempt	2,834,288	3,008,782	3,066,259	2,969,157	-3.2%
FTE	31.2	29.3	32.6	31.1	-4.6%
Federal Funds	209,404	203,149	217,214	217,214	0.0%
FTE	2.5	2.4	2.9	2.9	0.0%
(D) Stationary Sources					
(1) Inventory and Support Services					
Personal Services	1,477,053	1,538,044	1,680,854	1,720,536	
FTE	<u>19.6</u>	<u>20.8</u>	<u>23.1</u>	<u>23.1</u>	
Cash Funds	942,543	1,025,220	1,098,933	1,139,779	
FTE	12.1	14.2	14.2	14.2	
Federal Funds	534,510	512,824	581,921	580,757	
FTE	7.5	6.6	8.9	8.9	
Operating Expenses - CF	263,189	258,661	258,661	258,661	
					Request vs. Approp.
Subtotal - Inventory and Support Services	1,740,242	1,796,705	1,939,515	1,979,197	2.0%
FTE	<u>19.6</u>	<u>20.8</u>	<u>23.1</u>	<u>23.1</u>	0.0%
Cash Funds	1,205,732	1,283,881	1,357,594	1,398,440	3.0%
FTE	12.1	14.2	14.2	14.2	0.0%
Federal Funds	534,510	512,824	581,921	580,757	-0.2%
FTE	7.5	6.6	8.9	8.9	0.0%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	
(2) Permits and Compliance Assurance					
Personal Services	2,729,860	2,854,706	3,531,028	3,644,115	
FTE	<u>36.3</u>	<u>35.2</u>	<u>47.1</u>	<u>48.1</u>	
Cash Funds	2,131,312	2,219,010	2,826,072 a/	2,940,371	
FTE	30.5	30.5	38.5 a/	39.5	
Cash Funds Exempt	99,243	99,045	99,045	99,045	
Federal Funds	499,305	536,651	605,911	604,699	
FTE	5.8	4.7	8.6	8.6	
Operating Expenses	<u>46,916</u>	<u>38,099</u>	<u>56,397</u>	<u>51,897</u>	
Cash Funds	31,762	31,762	50,067 a/	50,567	
Federal Funds	15,154	6,337	6,330	1,330	
Local Contracts	<u>608,119</u>	<u>558,054</u>	<u>814,555</u>	<u>685,257</u>	
Cash Funds	319,114	319,114	570,177	570,177	
Federal Funds	289,005	238,940	244,378	115,080	
					Request vs. Approp.
Subtotal - Permits and Compliance					
Assurance	3,384,895	3,450,859	4,401,980	4,381,269	-0.5%
FTE	<u>36.3</u>	<u>35.2</u>	<u>47.1</u>	<u>48.1</u>	2.1%
Cash Funds	2,482,188	2,569,886	3,446,316	3,561,115	3.3%
FTE	30.5	30.5	38.5	39.5	2.6%
Cash Funds Exempt	99,243	99,045	99,045	99,045	0.0%
Federal Funds	803,464	781,928	856,619	721,109	-15.8%
FTE	5.8	4.7	8.6	8.6	0.0%

a/ Per H.B. 07-1341, these appropriations include increases of \$79,140 cash funds and 1.0 FTE for Personal Services, and \$3,505 for Operating Expenses, for costs associated with new requirements to provide support to the Oil and Gas Conservation Commission for rulemaking and permitting. The source of funds is the Oil and Gas Conservation and Environmental Response Fund.

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	
(3) Hazardous and Toxic Control					
Personal Services	767,365	789,186	870,774	903,345	
FTE	<u>11.4</u>	<u>9.8</u>	<u>12.0</u>	<u>12.0</u>	
Cash Funds	654,719	654,056	684,147	716,718	
FTE	9.8	8.2	9.8	9.8	
Federal Funds	112,646	135,130	186,627	186,627	
FTE	1.6	1.6	2.2	2.2	
Operating Expenses - CF	63,762	57,223	63,763	63,763	
Preservation of the Ozone Layer	129,374	187,579	210,661	220,287	
FTE	<u>2.0</u>	<u>1.3</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds	103,257	128,462	149,229	158,855	
FTE	2.0	1.3	2.0	2.0	
Cash Funds Exempt	26,117	59,117	61,432	61,432	
					Request vs. Approp.
Subtotal - Hazardous and Toxic Control	960,501	1,033,988	1,145,198	1,187,395	3.7%
FTE	<u>13.4</u>	<u>11.1</u>	<u>14.0</u>	<u>14.0</u>	0.0%
Cash Funds	821,738	839,741	897,139	939,336	4.7%
FTE	11.8	9.5	11.8	11.8	0.0%
Cash Funds Exempt	26,117	59,117	61,432	61,432	0.0%
Federal Funds	112,646	135,130	186,627	186,627	0.0%
FTE	1.6	1.6	2.2	2.2	0.0%
(4) Housed Commercial Swine Feeding Operation (HCSFO) Program					
Program Costs - CF	n/a	22,097	46,302	46,302	Request vs. Approp. 0.0%
FTE		0.1	0.5	0.5	0.0%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Approp.	Request	Change Requests
SUBTOTAL - Stationary Sources	6,085,638	6,303,649	7,532,995	7,594,163	0.8%
FTE	<u>69.3</u>	<u>67.2</u>	<u>84.7</u>	<u>85.7</u>	1.2%
Cash Funds	4,509,658	4,715,605	5,747,351	5,945,193	3.4%
FTE	54.4	54.3	65.0	66.0	1.5%
Cash Funds Exempt	125,360	158,162	160,477	160,477	0.0%
Federal Funds	1,450,620	1,429,882	1,625,167	1,488,493	-8.4%
FTE	14.9	12.9	19.7	19.7	0.0%
					Request vs. Approp.
TOTAL - (5) AIR QUALITY CONTROL					
DIVISION	15,350,370	15,414,767	17,998,276	17,587,246	-2.3%
FTE	<u>140.3</u>	<u>136.5</u>	<u>161.7</u>	<u>161.2</u>	-0.3%
Cash Funds	6,317,394	6,466,246	7,997,620	8,055,812	0.7%
FTE	63.0	63.0	74.4	75.4	1.3%
Cash Funds Exempt	5,401,833	5,573,556	6,290,918	6,161,805	-2.1%
FTE	48.9	46.7	50.0	48.5	-3.0%
Federal Funds	3,631,143	3,374,965	3,709,738	3,369,629	-9.2%
FTE	28.4	26.8	37.3	37.3	0.0%

FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
Actual	Actual	Approp.	Request	

(6) WATER QUALITY CONTROL DIVISION

The Division enforces water quality regulations adopted by the Water Quality Control Commission and the State Board of Health through stream classifications and standards, discharge permits, site application reviews, technical assistance, and the drinking water surveillance. Cash fund and cash exempt sources include the Water Quality Control Fund, the Sludge Management Program Fund, the Industrial Pretreatment Fund, the Drinking Water Fund, and the Groundwater Protection Fund.

(A) Administration

Personal Services	897,584	861,036	853,678	904,723
FTE	<u>13.7</u>	<u>13.7</u>	<u>13.8</u>	<u>13.8</u>
General Fund	526,122	460,529	467,328	508,314
FTE	7.8	7.8	7.8	7.8
Cash Funds	167,802	186,933	173,844	183,903
FTE	2.7	2.7	2.7	2.7
Federal Funds	203,660	213,574	212,506	212,506
FTE	3.2	3.2	3.3	3.3
Operating Expenses	<u>51,230</u>	<u>52,356</u>	<u>52,356</u>	<u>52,356</u>
General Fund	18,834	18,834	18,834	18,834
Cash Funds	3,459	3,459	3,459	3,459
Federal Funds	28,937	30,063	30,063	30,063
Capital Outlay	<u>0</u>	<u>30,051</u>	<u>44,970</u>	<u>0</u>
General Fund	0	27,046	0	0
Cash Funds	0	3,005	33,525 a/	0
Cash Funds Exempt	0	0	11,445	0
Indirect Cost Assessment	<u>1,505,166</u>	<u>1,704,660</u>	<u>1,774,043</u>	<u>1,774,043</u>
Cash Funds	522,610	484,113	847,857	847,857
Cash Funds Exempt	26,189	30,469	41,189	41,189
Federal Funds	956,367	1,190,078	884,997	884,997

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
SUBTOTAL - Administration	2,453,980	2,648,103	2,725,047	2,731,122	0.2%
FTE	<u>13.7</u>	<u>13.7</u>	<u>13.8</u>	<u>13.8</u>	0.0%
General Fund	544,956	506,409	486,162	527,148	8.4%
FTE	7.8	7.8	7.8	7.8	0.0%
Cash Funds	693,871	677,510	1,058,685	1,035,219	-2.2%
FTE	2.7	2.7	2.7	2.7	0.0%
Cash Funds Exempt	26,189	30,469	52,634	41,189	-21.7%
Federal Funds	1,188,964	1,433,715	1,127,566	1,127,566	0.0%
FTE	3.2	3.2	3.3	3.3	0.0%

a/ Per H.B. 07-1329, this appropriation includes \$15,260 cash funds from the Water Quality Control Fund and the Drinking Water Cash Fund to provide the Division additional resources from new and adjusted wastewater discharge permit and drinking water system fees.

(B) Watershed Assessment, Outreach, and Assistance

Personal Services	2,601,982	3,044,810	2,863,202	2,903,010
FTE	<u>25.0</u>	<u>27.8</u>	<u>39.6</u>	<u>39.6</u>
General Fund	228,036	325,052	293,047	322,615
FTE	4.4	5.4	5.4	5.4
Cash Funds	299,722	283,428	298,087	437,273
FTE	3.3	3.3	3.3	3.3
Cash Funds Exempt	32,936	32,870	164,003	39,273
FTE	0.0	0.4	2.6	2.6
Federal Funds	2,041,288	2,403,460	2,108,065	2,103,849
FTE	17.3	18.7	28.3	28.3
Operating Expenses	<u>529,750</u>	<u>602,479</u>	<u>525,768</u>	<u>525,768</u>
General Fund	374,207	376,207	376,207	376,207
Cash Funds	0	0	0	1,000
Cash Funds Exempt	360	685	2,675	1,675
Federal Funds	155,183	225,587	146,886	146,886
Local Grants and Contracts - FF	1,845,276	1,631,087	2,136,456	2,136,456

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
Water Quality Improvement - CF			117,196	117,196	
SUBTOTAL - Watershed Assessment, Outreach, and Assistance					
	4,977,008	5,278,376	5,642,622	5,682,430	0.7%
FTE	25.0	27.8	39.6	39.6	0.0%
General Fund	602,243	701,259	669,254	698,822	4.4%
FTE	4.4	5.4	5.4	5.4	0.0%
Cash Funds	299,722	283,428	415,283	555,469	33.8%
FTE	3.3	3.3	3.3	3.3	0.0%
Cash Funds Exempt	33,296	33,555	166,678	40,948	-75.4%
FTE	0.0	0.4	2.6	2.6	0.0%
Federal Funds	4,041,747	4,260,134	4,391,407	4,387,191	-0.1%
FTE	17.3	18.7	28.3	28.3	0.0%
(C) Permitting and Compliance Assurance					
Personal Services	2,740,482	3,194,529	3,534,132	3,627,484	
FTE	39.9	37.5	44.5	44.5	
General Fund	98,432	190,761	174,917 a/	181,125	
FTE	1.5	3.0	3.0	3.0	
Cash Funds	2,065,081	2,200,595	2,689,178 a/	2,850,247	
FTE	27.9	28.6	34.6 a/	34.6	
Cash Funds Exempt	153,469	261,438	232,687	159,637	
FTE	2.2	2.2	3.2	3.2	
Federal Funds	423,500	541,735	437,350	436,475	
FTE	8.3	3.7	3.7	3.7	
Operating Expenses	251,259	411,188	383,866	383,866	
General Fund	39,706	227,706	227,706	227,706	
Cash Funds	105,149	107,149	113,769 a/	114,269	
Cash Funds Exempt	10,727	10,727	11,227	10,727	
Federal Funds	95,677	65,606	31,164	31,164	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
SUBTOTAL - Permitting and Compliance					
Assurance	2,991,741	3,605,717	3,917,998	4,011,350	2.4%
FTE	<u>39.9</u>	<u>37.5</u>	<u>44.5</u>	<u>44.5</u>	0.0%
General Fund	138,138	418,467	402,623	408,831	1.5%
FTE	1.5	3.0	3.0	3.0	0.0%
Cash Funds	2,170,230	2,307,744	2,802,947	2,964,516	5.8%
FTE	27.9	28.6	34.6	34.6	0.0%
Cash Funds Exempt	164,196	272,165	243,914	170,364	-30.2%
FTE	2.2	2.2	3.2	3.2	0.0%
Federal Funds	519,177	607,341	468,514	467,639	-0.2%
FTE	8.3	3.7	3.7	3.7	0.0%

a/ H.B. 07-1329 modified the Personal Services appropriation (including an \$18,260 General Fund reduction, a \$151,164 cash funds increase, and 1.0 FTE) and the Operating Expenses appropriation (including a \$250 cash funds increase). The sources of cash funds are the Water Quality Control Fund and the Drinking Water Fund. The appropriation is to provide the Division additional resources from new and adjusted wastewater discharge permit and drinking water system fees, and to refinance a General Fund FTE for on-site wastewater management.

(D) Drinking Water Program

Personal Services	2,928,718	3,728,194	3,278,237	3,306,089
FTE	<u>40.4</u>	<u>46.5</u>	<u>44.9</u>	<u>44.9</u>
General Fund	505,318	658,562	838,531	867,059
FTE	8.6	15.1	15.1	15.1
Cash Funds	0	0	337,867 a/	337,191
FTE	0.0	0.0	3.5 a/	3.5
Federal Funds	2,423,400	3,069,632	2,101,839	2,101,839
FTE	31.8	31.4	26.3	26.3
Operating Expenses	<u>155,900</u>	<u>282,332</u>	<u>213,583</u>	<u>213,583</u>
General Fund	31,888	94,887	94,887	94,887
Cash Funds	0	0	1,750 a/	1,750
Federal Funds	124,012	187,445	116,946	116,946

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
SUBTOTAL - Drinking Water Program	3,084,618	4,010,526	3,491,820	3,519,672	0.8%
FTE	<u>40.4</u>	<u>46.5</u>	<u>44.9</u>	<u>44.9</u>	0.0%
General Fund	537,206	753,449	933,418	961,946	3.1%
FTE	8.6	15.1	15.1	15.1	0.0%
Cash Funds	0	0	339,617	338,941	-0.2%
FTE	0.0	0.0	3.5	3.5	0.0%
Federal Funds	2,547,412	3,257,077	2,218,785	2,218,785	0.0%
FTE	31.8	31.4	26.3	26.3	0.0%

a/ H.B. 07-1329 modified the Personal Services appropriation (including a \$337,867 cash funds increase and 3.5 FTE) and the Operating Expenses appropriation (including a \$1,750 cash funds increase). The sources of cash funds are the Water Quality Control Fund and the Drinking Water Fund. The appropriation is to provide the Division additional resources from new and adjusted wastewater discharge permit and drinking water system fees.

					Request vs. Approp.
TOTAL - (6) WATER QUALITY CONTROL DIVISION	13,507,347	15,542,722	15,777,487	15,944,574	1.1%
FTE	<u>118.9</u>	<u>125.5</u>	<u>142.8</u>	<u>142.8</u>	0.0%
General Fund	1,822,543	2,379,584	2,491,457	2,596,747	4.2%
FTE	22.3	31.3	31.3	31.3	0.0%
Cash Funds	3,163,823	3,268,682	4,616,532	4,894,145	6.0%
FTE	33.9	34.6	44.1	44.1	0.0%
Cash Funds Exempt	223,681	336,189	463,226	252,501	-45.5%
FTE	2.2	2.6	5.8	5.8	0.0%
Federal Funds	8,297,300	9,558,267	8,206,272	8,201,181	-0.1%
FTE	60.6	57.0	61.6	61.6	0.0%

FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
Actual	Actual	Approp.	Request	

(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION

The Division enforces the solid and hazardous waste regulations adopted by the Hazardous Waste Commission, providing for cradle-to-grave management of hazardous waste in Colorado to ensure that it does not contaminate the environment or endanger public health. The primary sources of cash funds and cash funds exempt are the Hazardous Waste Service Fund, the Hazardous Waste Commission Fund, the Hazardous Substance Response Fund, the Radiation Control Fund, the Solid Waste Management Fund, and the Waste Tire Recycling Development Cash Fund. Additional cash funds exempt comes from transfers from the Department of Transportation and the Department of Local Affairs.

(A) Administration

Program Costs	166,640	196,851	294,195	314,093	
FTE	<u>3.4</u>	<u>2.7</u>	<u>3.4</u>	<u>3.4</u>	
Cash Funds	166,640	188,108	197,502	209,364	
FTE	3.4	2.7	3.1	3.1	
Cash Funds Exempt	0	8,743	74,227	82,263	
Federal Funds	0	0	22,466	22,466	
FTE	0.0	0.0	0.3	0.3	
Legal Services	392,978	377,504	442,624	442,624	
hours	<u>6,202</u>	<u>6,183</u>	<u>6,183</u>	<u>6,183</u>	
Cash Funds	229,522	235,608	256,991	271,991	DI #11
Cash Funds Exempt	1,849	243	4,882	4,882	
Federal Funds	161,607	141,653	180,751	165,751	DI #11
Capital Outlay - CF	0	0	3,205	0	
Indirect Cost Assessment	<u>1,812,596</u>	<u>1,756,168</u>	<u>1,955,488</u>	<u>1,955,488</u>	
Cash Funds	899,486	867,213	1,041,072	1,258,014	DI #11
Cash Funds Exempt	30,087	32,964	53,416	53,416	
Federal Funds	883,023	855,991	861,000	644,058	DI #11

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
SUBTOTAL - Administration	2,372,214	2,330,523	2,695,512	2,712,205	0.6%
FTE	<u>3.4</u>	<u>2.7</u>	<u>3.4</u>	<u>3.4</u>	0.0%
Cash Funds	1,295,648	1,290,929	1,498,770	1,739,369	16.1%
FTE	3.4	2.7	3.1	3.1	0.0%
Cash Funds Exempt	31,936	41,950	132,525	140,561	6.1%
Federal Funds	1,044,630	997,644	1,064,217	832,275	-21.8%
FTE	0.0	0.0	0.3	0.3	0.0%
(B) Hazardous Waste Control Program					
Personal Services	2,797,630	2,922,987	2,945,726	3,373,362	
FTE	<u>34.1</u>	<u>34.6</u>	<u>38.2</u>	<u>42.7</u>	
Cash Funds	1,099,628	1,280,657	1,284,302	2,216,620	DI #11
FTE	13.5	15.6	17.6	22.1	DI #11
Federal Funds	1,698,002	1,642,330	1,661,424	1,156,742	DI #11
FTE	20.6	19.0	20.6	20.6	
Operating Expenses	<u>177,033</u>	<u>169,572</u>	<u>213,571</u>	<u>229,006</u>	
Cash Funds	45,393	42,601	45,663	78,948	DI #11
Federal Funds	131,640	126,971	167,908	150,058	DI #11
Request vs. Approp.					
SUBTOTAL - Hazardous Waste Control	2,974,663	3,092,559	3,159,297	3,602,368	14.0%
FTE	<u>34.1</u>	<u>34.6</u>	<u>38.2</u>	<u>42.7</u>	11.8%
Cash Funds	1,145,021	1,323,258	1,329,965	2,295,568	72.6%
FTE	13.5	15.6	17.6	22.1	25.6%
Federal Funds	1,829,642	1,769,301	1,829,332	1,306,800	-28.6%
FTE	20.6	19.0	20.6	20.6	0.0%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Approp.	Request	Change Requests

(C) Solid Waste Control Program

Program Costs - CF	1,060,455	1,062,196	2,221,302 a/	2,388,667	DI #11
FTE	13.5	11.5	16.7 a/	17.0	DI #11

a/ Per H.B. 07-1288, these appropriations include increases of \$319,005 cash funds from the Solid Waste Management Fund, and 4.8 FTE, for recycling incentives and waste management programs. The remainder of the bill's appropriation (\$2,482,565 cash funds from the Resources Economic Opportunity Fund, and 0.6 FTE) were allocated to the Administrative Services Division to be distributed as grants, loans, and rebates.

(D) Uranium Mill Tailings Remedial

Action Program

					Request vs. Approp.
Program Costs	195,479	192,229	230,779	236,438	2.5%
FTE	<u>2.8</u>	<u>2.7</u>	<u>3.1</u>	<u>3.1</u>	0.0%
Cash Funds Exempt	173,838	176,628	185,508	191,167	3.1%
FTE	2.4	2.5	2.6	2.6	0.0%
Federal Funds	21,641	15,601	45,271	45,271	0.0%
FTE	0.4	0.2	0.5	0.5	0.0%

(E) Contaminated Site Cleanups

Personal Services	5,139,525	5,275,449	5,039,512	4,558,146	
FTE	<u>36.5</u>	<u>33.8</u>	<u>43.4</u>	<u>38.4</u>	
Cash Funds	762,209	885,225	1,070,657	1,114,566	
FTE	8.8	11.0	13.0	13.0	
Cash Funds Exempt	0	20,474	35,711	0	
Federal Funds	4,377,316	4,369,750	3,933,144	3,443,580	DI #11
FTE	27.7	22.8	30.4	25.4	DI #11
Operating Expenses	<u>252,598</u>	<u>577,648</u>	<u>241,270</u>	<u>222,991</u>	
Cash Funds	45,991	36,404	48,082	48,082	
Cash Funds Exempt	0	277	1,129	0	
Federal Funds	206,607	540,967	192,059	174,909	DI #11

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Approp.	Request	Change Requests
Contaminated Sites Operation & Maintenance	936,238	961,134	2,088,864	2,088,864	
Cash Funds	136,902	102,674	260,186	260,186	
Federal Funds	799,336	858,460	1,828,678	1,828,678	
Transfer to the Department of Law for CERCLA Contract Oversight-Related Costs - CF	1,069,825	425,000	425,000	425,000	
					Request vs. Approp.
SUBTOTAL - Contaminated Site Cleanups	7,398,186	7,239,231	7,794,646	7,295,001	-6.4%
FTE	36.5	33.8	43.4	38.4	-11.5%
Cash Funds	2,014,927	1,449,303	1,803,925	1,847,834	2.4%
FTE	8.8	11.0	13.0	13.0	0.0%
Cash Funds Exempt	0	20,751	36,840.0	0	-100.0%
Federal Funds	5,383,259	5,769,177	5,953,881	5,447,167	-8.5%
FTE	27.7	22.8	30.4	25.4	-16.4%
(F) Rocky Flats Agreement					
Program Costs - FF	691,421	253,479	244,781	244,781	
FTE	8.0	2.3	2.3	2.3	
Legal Services - FF	25,780	22,227	10,012	10,012	
Hours	400	315	139	139	
					Request vs. Approp.
SUBTOTAL - Rocky Flats Agreement - FF	717,201	275,706	254,793	254,793	0.0%
FTE	8.0	2.3	2.3	2.3	0.0%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	
(G) Radiation Management					
Personal Services	2,313,230	1,802,291	1,762,863	1,824,312	
FTE	<u>19.4</u>	<u>20.3</u>	<u>21.5</u>	<u>21.5</u>	
Cash Funds	1,410,885	1,472,877	1,556,311	1,618,173	
FTE	17.1	18.2	19.2	19.2	
Cash Funds Exempt	0	23,770	23,651	23,604	
Federal Funds	902,345	305,644	182,901	182,535	
FTE	2.3	2.1	2.3	2.3	
Operating Expenses	<u>289,758</u>	<u>261,758</u>	<u>229,625</u>	<u>229,625</u>	
Cash Funds	63,309	63,659	72,139	72,139	
Federal Funds	226,449	198,099	157,486	157,486	
					Request vs. Approp.
SUBTOTAL - Radiation Management	2,602,988	2,064,049	1,992,488	2,053,937	3.1%
FTE	<u>19.4</u>	<u>20.3</u>	<u>21.5</u>	<u>21.5</u>	0.0%
Cash Funds	1,474,194	1,536,536	1,628,450	1,690,312	3.8%
FTE	17.1	18.2	19.2	19.2	0.0%
Cash Funds Exempt	0	23,770	23,651	23,604	-0.2%
Federal Funds	1,128,794	503,743	340,387	340,021	-0.1%
FTE	2.3	2.1	2.3	2.3	0.0%
					Request vs. Approp.
SUBTOTAL - (7) HAZARDOUS MATERIALS					
WASTE MANAGEMENT DIVISION	17,321,186	16,256,493	18,348,817	18,543,409	1.1%
FTE	<u>117.7</u>	<u>107.9</u>	<u>128.6</u>	<u>128.4</u>	-0.2%
Cash Funds	6,990,245	6,662,222	8,482,412	9,961,750	17.4%
FTE	56.3	59.0	69.6	74.4	6.9%
Cash Funds Exempt	205,774	263,099	378,524	355,332	-6.1%
FTE	2.4	2.5	2.6	2.6	0.0%
Federal Funds	10,125,167	9,331,172	9,487,881	8,226,327	-13.3%
FTE	59.0	46.4	56.4	51.4	-8.9%

FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
Actual	Actual	Approp.	Request	

(8) CONSUMER PROTECTION

The Consumer Protection Division is responsible for programs designed to protect the public from disease and injury through identification and control of environmental factors in food, drugs, medical devices, institutions, consumer products, and insect and rodent vectors affecting public health. The primary sources of cash funds and cash funds exempt are the Food Protection Cash Fund, the Wholesale Food Manufacturing and Storage Protection Fund, and the Artificial Tanning Device Education Fund. Additional cash funds exempt comes from transfers from the Department of Corrections and the Department of Human Services.

Personal Services	1,911,376	1,933,014	2,063,043	2,134,119	
FTE	<u>24.6</u>	<u>26.1</u>	<u>27.8</u>	<u>27.8</u>	
General Fund	961,220	1,062,655	1,079,213	1,116,434	
FTE	13.0	15.2	15.9	15.9	
Cash Funds	587,093	604,860	634,657 a/	659,987	
FTE	7.5	7.5	7.5 a/	7.5	
Cash Funds Exempt	123,452	68,157	71,188	80,269	
FTE	1.0	2.0	2.0	2.0	
Federal Funds	239,611	197,342	277,985	277,429	
FTE	3.1	1.4	2.4	2.4	
Operating Expenses	<u>135,307</u>	<u>118,929</u>	<u>109,470</u>	<u>110,278</u>	
General Fund	17,121	20,508	20,508	20,508	
Cash Funds	51,510	51,510	51,510 a/	51,510	
Cash Funds Exempt	8,900	8,900	8,900	9,708	DI #10
Federal Funds	57,776	38,011	28,552	28,552	
Capital Outlay - GF	0	0	64,872	0	
Indirect Cost Assessment	<u>180,564</u>	<u>163,423</u>	<u>244,482</u>	<u>244,482</u>	
Cash Funds	132,327	117,860	156,215	156,215	
Cash Funds Exempt	0	0	11,457	11,457	
Federal Funds	48,237	45,563	76,810	76,810	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change Requests
	Actual	Actual	Approp.	Request	Request vs. Approp.
TOTAL - (8) CONSUMER PROTECTION					
DIVISION	2,227,247	2,215,366	2,481,867	2,488,879	0.3%
FTE	<u>24.6</u>	<u>26.1</u>	<u>27.8</u>	<u>27.8</u>	0.0%
General Fund	978,341	1,083,163	1,164,593	1,136,942	-2.4%
FTE	13.0	15.2	15.9	15.9	0.0%
Cash Funds	770,930	774,230	842,382	867,712	3.0%
FTE	7.5	7.5	7.5	7.5	0.0%
Cash Funds Exempt	132,352	77,057	91,545	101,434	10.8%
FTE	1.0	2.0	2.0	2.0	0.0%
Federal Funds	345,624	280,916	383,347	382,791	-0.1%
FTE	3.1	1.4	2.4	2.4	0.0%
a/ Per H.B. 07-1321, these appropriations include increases of \$174,932 cash fund from the Wholesale Food Manufacturing and Storage Protection Cash Fund (\$148,851 Personal Services and \$199 Operating Expenses), and 1.5 FTE, to fund the Wholesale Food Manufacturing and Storage Facility Registration Program.					
TOTAL - ENVIRONMENTAL DIVISIONS					
ENVIRONMENTAL DIVISIONS	48,406,150	49,429,348	54,606,447	54,564,108	-0.1%
FTE	<u>401.5</u>	<u>396.0</u>	<u>460.9</u>	<u>460.2</u>	-0.2%
General Fund	2,800,884	3,462,747	3,656,050	3,733,689	2.1%
FTE	35.3	46.5	47.2	47.2	0.0%
Cash Funds	17,242,392	17,171,380	21,938,946	23,779,419	8.4%
FTE	160.7	164.1	195.6	201.4	3.0%
Cash Funds Exempt	5,963,640	6,249,901	7,224,213	6,871,072	-4.9%
FTE	54.5	53.8	60.4	58.9	-2.5%
Federal Funds	22,399,234	22,545,320	21,787,238	20,179,928	-7.4%
FTE	151.1	131.6	157.7	152.7	-3.2%

**FY 2008-09 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment
- Environmental Sections Only -**

Long Bill Footnote Update

- 108 Department of Public Health and Environment, Air Quality Control Division** - - The Department is requested to submit a report on the Air Quality Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee with its budget request.

Comment: *This footnote was vetoed by the Governor* on the grounds that: (1) it violates the separation of powers by attempting to administer the appropriation; (2) it constitutes substantive legislation; and (3) it violates the separation of powers by dictating the format of the executive budget submission. However, the Department was directed to comply with the footnote to the extent feasible. Subsequently, the General Assembly overrode all Long Bill vetoes.

The Department complied with this footnote. Current and future Air Quality Control Division programmatic and resources needs were outlined in this report and are discussed in more detail in the briefing issue that begins on page 50.

- 108a Department of Public Health and Environment, Air Quality Control Division, Technical Services, Air Quality Monitoring, Local Contracts** -- It is the intent of the General Assembly that at least \$380,000 of this appropriation be used for the collection and evaluation of air quality data on the Western Slope of Colorado.

Comment: *This footnote was vetoed by the Governor* on the grounds that: (1) it violates the separation of powers by attempting to administer the appropriation; and (2) it violates the separation of powers by dictating the format of the executive budget submission. However, the Department was directed to comply with the footnote to the extent feasible. Subsequently, the General Assembly overrode all Long Bill vetoes. However, the Director of the Office of State Planning and Budgeting directed the Department not to comply with this footnote in an August 16, 2007 letter to the leadership of the General Assembly. According to this letter, "the Department is complying with the intent of the footnote, but must be allowed the flexibility to use its resources as determined to be most appropriate."

According to the Department, it is in the process of complying with the footnote. Funds from the footnoted appropriation will be used to support particulate sampling in a number of

Western Slope communities. In addition, discussions with local agencies on the Western Slope have been taking place over the last few months to assess new monitoring priorities, and several on-site evaluations are taking place this month. The Department anticipates that a significant amount of work on the new monitoring projects will be implemented via local agency contracts by the end of the fiscal year, which will result in most, if not all, of the footnoted appropriation being spent.

- 109 Department of Public Health and Environment, Water Quality Control Division** -- The Department is requested to submit a report on the Water Quality Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee with its budget request.

Comment: *This footnote was vetoed by the Governor on the grounds that: (1) it violates the separation of powers by attempting to administer the appropriation; (2) it constitutes substantive legislation; and (3) it violates the separation of powers by dictating the format of the executive budget submission. However, the Department was directed to comply with the footnote to the extent feasible. Subsequently, the General Assembly overrode all Long Bill vetoes.*

The Department complied with this footnote. Current and future Water Quality Control Division programmatic and resources needs were outlined in this report and are discussed in more detail in the briefing issue that begins on page 41.

- 110 Department of Public Health and Environment, Hazardous Materials and Waste Management Division, Contaminated Site Cleanups** -- The Department is requested to submit a report on its CERCLA program. This report is requested to include detailed expenditures for the program, including out-year estimates by project and associated project financing. The report should also include an analysis of long-term funding needs of the State in responding to, litigating, and cleaning up CERCLA sites, including estimated long-term maintenance costs for these sites. The report should also provide information on the Hazardous Substance Response Fund balance and out-year fiscal estimates. The Department is requested to submit this report to the Joint Budget Committee with its budget request.

Comment: *This footnote was vetoed by the Governor on the grounds that: (1) it violates the separation of powers by attempting to administer the appropriation; (2) it constitutes substantive legislation; and (3) it violates the separation of powers by dictating the format of the executive budget submission. However, the Department was directed to comply with*

the footnote to the extent feasible. Subsequently, the General Assembly overrode all Long Bill vetoes.

The Department complied with this footnote. As discussed under *Factors Driving the Budget* on page 5, beginning in 2002, there were concerns about the fund's long-term solvency after the Legislature transferred \$30.0 million of the fund balance to the General Fund. However, that transfer was repaid in January 2006. At present, the Department estimates that the balance will remain solvent through FY 2024-25. Factors that could change the state's costs and result in the need for more resources more quickly include: (1) the identification of additional Superfund sites; (2) changes in the estimated remediation and on-going maintenance costs at existing sites; (3) changes in federal policies; and (4) changes in the ability of responsible parties to pay their share of costs.

**FY 2008-09 Budget Briefing
Department of Public Health and Environment
- Environmental Divisions Only -**

ISSUE: Water Quality Control Division: Programmatic Demands & Resource Needs

SUMMARY:

- The Water Quality Control Division is in the midst of a significant increase in its workload due to economic and population growth, and to new state and federal regulations. As a result, work is getting accomplished more slowly than is desirable, and workload is expected to continue growing.
- Despite an influx of resources in FY 2006-07 and FY 2007-08, the Division foresees the need for at least 52.3 new FTE in the next three years. However, the Department did not submit a decision item for additional resources in FY 2008-09.

STAFF RECOMMENDATIONS:

Staff recommends the Committee ask the Department the following questions at its hearing:

- a. To date, how well has the Division been able to address the concerns raised in the S.B. 03-236 report and the subsequent EPA audits?
- b. Is the Division able to fulfill its statutory requirements in a timely fashion?
- c. What are the possible long-term funding strategies to meet the resource needs identified in the November 1, 2007 footnote report?
- d. If additional resources are not acquired in FY 2008-09, how will it impact the Division's ability to keep up with its growing responsibilities? Will it be able to assure that the state's water resources are safe to drink, support a diversity and abundance of aquatic life, and are suitable for recreation, irrigation, and commercial use?

BACKGROUND:

Water Quality Control Division: Legislative Authorization & Responsibilities

The Water Quality Control Division (WQCD) is responsible for maintaining the quality of the state's water resources so that they are safe to drink, support a diversity and abundance of aquatic life, and are suitable for recreation, irrigation, and commercial use. The Division has authority for implementing two federal water quality laws: (1) the Clean Water Act (which requires states to adopt water quality standards based on waterbody use); and (2) the Safe Drinking Water Act (which is designed to protect the public drinking water supply using national health-based standards set by the U.S. Environmental Protection Agency). The main piece of state legislation the Division is

responsible for implementing is the Water Quality Control Act. In general terms, water quality management is focused on:

- Monitoring and assessing water bodies;
- Providing appropriate levels of protection where water quality is good;
- Controlling pollution and undertaking various watershed restoration projects where water quality is impacted; and
- Assuring that drinking water is safe for consumption.

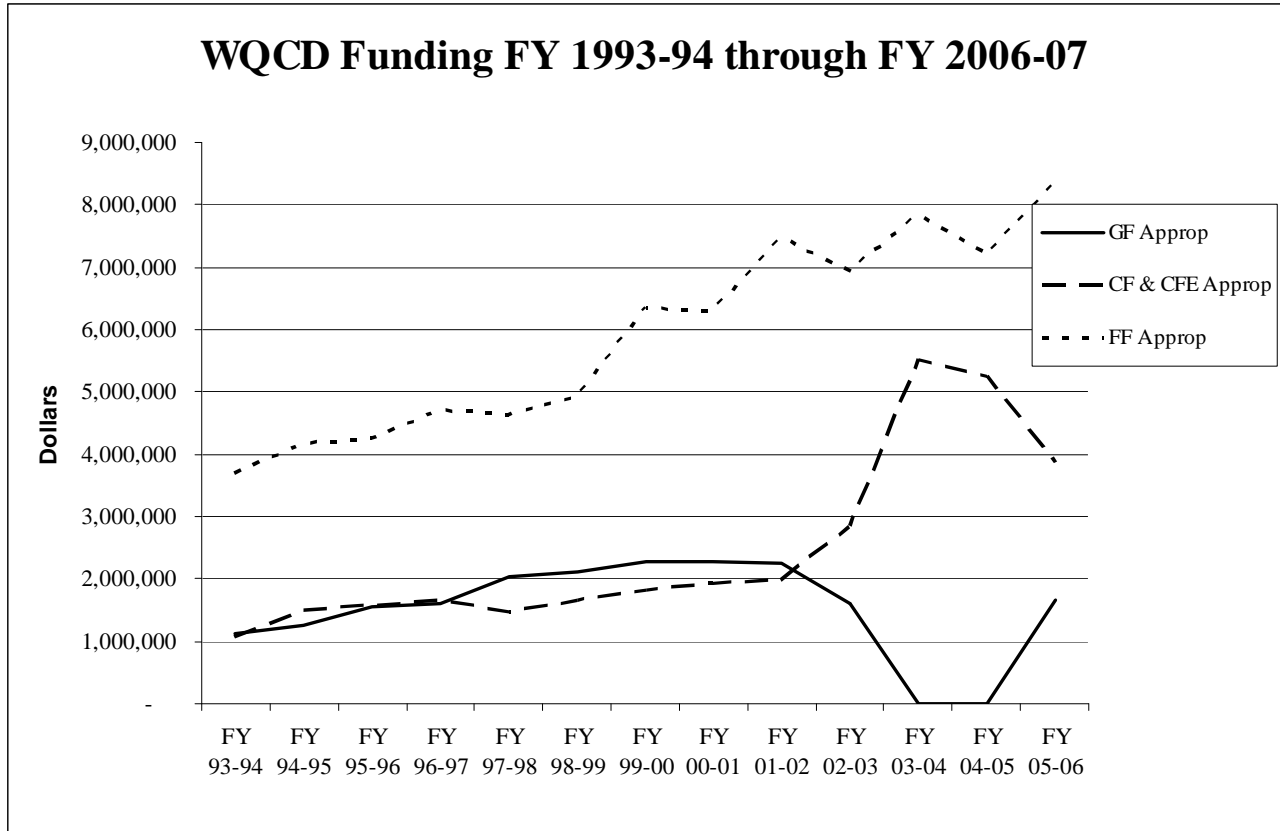
Funding and Resource History

In FY 2003-04, due to the state's budget crisis, the Water Quality Control Division's General Fund appropriation was eliminated and replaced with increased wastewater fees and new drinking water fees, pursuant to S.B. 03-276. In addition to fee changes, S.B. 03-276 required the Division to examine its business practices, permit fee schedules, and future funding options, and to submit a report to the General Assembly by December 1, 2004. The report and subsequent EPA audits highlighted some achievements, but also identified a serious staffing shortage and other problems with the Clean Water Act Program and the Safe Drinking Water Act Program.¹

The S.B. 03-276 fee changes sunset in July 2005 and the Division's funding mix returned to its prior composition. Since then, the Division has received increases in both General Fund support and cash fund spending authority (supported by various fee increases). The Division is now relying on a mixture of General Fund, cash fund revenue and reserves, and federal funds. The graph below illustrates the fund mix changes in the Division's appropriation from FY 1993-94 through FY 2006-07.

¹ The S.B. 03-273 report and the subsequent EPA audits were discussed in more detail in the FY 2006-07 briefing packet for Department of Public Health and Environment - Environmental Divisions, beginning on page 37.

WQCD Funding FY 1993-94 through FY 2006-07



Compared to FY 2006-07 actual expenditures, the FY 2007-08 General Fund appropriation increased 4.7 percent, the cash and cash funds exempt appropriations increased 40.9 percent, and federal funding was reduced 14.1 percent. In terms of staffing, from FY 2001-02 through FY 2005-06, the Division received a total of only 3.0 additional FTE, all through special legislation.² However, beginning in FY 2006-07, the Division received an influx of resources, including 22.2 FTE (see table below).

² H.B. 02-1344 appropriated \$764,762 cash funds and 4.0 FTE for the Division to examine its standards-setting and classification process, but H.B. 02-1329 reduced the Division's appropriation by \$93,806 cash funds exempt and 1.0 FTE when it transferred responsibility for the monitoring of groundwater where pesticide contamination is likely to the Department of Agriculture.

WQCD Resource Changes, FY 2006-07 and FY 2007-08 ³

Increases in			
Funding	FTE ⁴	Source	Notes
\$760,000 GF \$56,000 CF	10.0	2006 Long Bill	The resources were to address concerns in the Division's ability to fulfill its statutory responsibilities.
\$293,000 CF	0.0	H.B. 06-1337	The bill increased civil penalties for water quality control violations, and provided an appropriation for the Division to administer a new grant program
\$505,000 CF and CFE	7.0	2007 Long Bill	The resources were to enable the Division to better implement the Clean Water Act program.
\$102,000 CF	1.2	2007 Long Bill	The appropriation was to provide additional resources for on-site wastewater management.
\$488,000 CF	4.0	H.B. 07-1329	The bill adjusted wastewater and drinking water fees, and provided additional resources for the Division.
\$2,204,000, including \$760,000 GF	22.2		TOTAL CHANGES

Accompanying the new resources provided in the FY 2007-08 Long Bill was a new footnote (#109). The footnote requested that the Department submit a report on the Division's current and anticipated workload, as well as the associated funding and staffing needs. Although this footnote was vetoed, the Governor requested the Department to comply to the extent feasible. The Department complied with the request. The information below on programmatic demands and resource needs was drawn from that report.

³ This table only shows new resources. Not included are increases in employee benefits or technical adjustments.

⁴ All but one of the positions created in FY 2007-08 are filled. The on-site wastewater treatment position was not filled due to uncertainty as to whether the revenue from the new fees supporting that position would be sufficient to fully fund the position in FY 2007-08. However, the Division intends to fill the position after the first of the year.

WQCD Structure and Resource Needs

The Division is organized into three main programmatic areas: (1) the Drinking Water Program; (2) the Clean Water Facilities Program; and (3) the Watershed Program. Each program has its own subdivision in the Long Bill. Additionally, the Division has an administrative subdivision which also has a Long Bill subdivision. For each programmatic area, what follows is a brief description of its responsibilities, factors driving workload increases, and anticipated resource needs by FY 2010-11.

(1) The Drinking Water Program

The Drinking Water Program is responsible for implementing the Safe Drinking Water Act, which is designed to protect the public drinking water supply using national health-based standards set by the U.S. Environmental Protection Agency. There are 2,125 large and small public water systems in the state. For all of these systems, the Program must: update and revise rules and regulations; disseminate information and provide technical assistance; conduct inspections and follow-ups; process and evaluate sample results; engage in enforcement actions for signification cases of noncompliance; respond to acute risks; and work with public water systems on security, capacity development, and training issues.

The primary factors driving workload growth for this Program are new regulations being promulgated by EPA as required by the Safe Drinking Water Act. These rules include the:

- ***Arsenic Rule***, to avoid incidences of bladder and lung cancer and other non-carcinogenic diseases;
- ***Radionuclide Rule***, to reduce cancers and toxic impacts to kidneys;
- ***Enhanced Surface Water Treatment Rules***, to reduce illness linked with the contaminant Cryptosporidium and other disease-causing microorganisms in drinking water;
- ***Disinfectants and Disinfection Byproducts Rules***, to reduce cancers linked to disinfection byproducts;
- ***Filter Backwash Recycle Rule***, to reduce illness risks from pathogens in recycled filter backwash water;
- ***Groundwater Rule***, to protect consumers served by public water systems using groundwater that may be subject to fecal contamination; and
- ***Lead and Copper Rules***, now facing minor revisions to enhance monitoring, treatment, customer awareness, lead service line replacement and public education.

The Division must adopt and implement these rules to retain primacy of the Drinking Water Program. **By FY 2010-11, the Division estimates it will need 24.0 additional FTE at a total cost of approximately \$2.2 million** to completely fulfill its statutory responsibilities. It should be noted that the EPA is expected to promulgate additional rules from 2009 to 2013 that address distribution

systems, total coliform, and radon, and is expected to make major revisions to the lead and copper rules. Because the scope and requirements of these rules have not yet been established, the resources to implement them were not incorporated into the Division's need assessment.

(2) The Clean Water Facilities Program

The Clean Water Facilities Program (the Permitting and Compliance Assurance subdivision in the Long Bill) implements programs that assure that discharges of pollutants from point sources to Colorado waters (including regulated stormwater sources) are protective of adopted standards, beneficial uses, and public health. The Program's activities include: reviewing applications and permitting point source discharges to surface and ground waters; compliance assistance and assurance; data entry, management, and analysis; inspections; addressing non-compliance and taking enforcement actions if necessary; responding to phone calls, fish kills, spills, sanitary sewer overflows, and illegal discharges; programs for the oversight and use of reclaimed domestic wastewater; beneficial applications of biosolids and pretreatment of industrial waste; and an onsite wastewater program. The primary factors driving workload in this Program are:

- ***The construction and expansion of wastewater treatment facilities***, which is fueled by population growth. From December 2002 to August 2007, the number of permitted non-stormwater sources increased from 1,557 to 1,839. The Program must approve sites and designs, and provide permitting and compliance assistance.
- ***Construction stormwater permits***, which are also fueled by population growth.
- ***Increased numbers of compliance inspections and audits***.
- ***New ammonia and temperature standards*** adopted by the Water Quality Control Commission that require significant effort to develop permit requirements and provide technical assistance to facilities.
- ***New EPA policies***, including the new Wet Weather Significant Non-compliance Policy, the Compliance Monitoring Strategy, and the Integrated Compliance Information System/National Pollutant Discharge Elimination System Policy.
- ***The delegation of the biosolids and pretreatment programs*** from EPA, which the Division will be seeking.

By FY 2010-11, the Division estimates it will need 14.0 additional FTE at a total cost of approximately \$1.3 million to completely fulfill its statutory responsibilities in this program area.

(3) The Watershed Program

The Watershed Program collects water quality data and assesses the status of surface waters; works to protect waters that are in attainment of their classified use standards; works to restore impaired waters to full attainment of their classified uses and standards; provides grants and loans to communities related to wastewater and drinking water infrastructure for public health protection and

for water quality restoration projects; and staffs the Water Quality Control Commission for its water quality standards activities. Work activities include water sample collection, analysis, and assessment; development of Total Maximum Daily Loads;⁵ nonpoint source pollution management; source water assessment; the protection of ground water and surface water supplies of public drinking water; review and revision of standards; and managing various grants and revolving loan funds.

There are many factors driving workload for the Watershed Program, including:

- ***State-wide aquatic life and wetlands sampling, data assessment, and reporting*** as required under the Federal Clean Water Act.
- ***State-wide sampling, data assessment, and reporting to identify additional fish consumption advisories.*** Colorado currently has 16 fish consumption advisories in effect (primarily for mercury) and this number is expected to rise.
- ***Lakes/reservoir and flowing water sampling*** to acquire data for evaluation of water quality status per the federal Clean Water Act.
- ***Adoption of state-wide nutrient and sediment criteria.*** Colorado must either adopt the criteria established by the EPA or develop alternative criteria that are scientifically defensible.
- ***Temperature, ammonia, and copper standards development.***
- ***State-wide wetlands criteria and standards*** are needed to address a gap in the protection of certain wetland types caused by recent changes in federal wetlands policy.
- ***Watershed restoration and source water protection planning*** to improve, restore and protect designated water quality uses as required to access Clean Water Act grant funds (and which is essential to the identification of most effective water quality projects).
- ***Watershed restoration and source water protection projects implementation,*** which is also required to access the majority of federal Clean Water Act grant funds (which are the primary source of funding to address agriculture, silviculture, urban, mining, and hydrologic modification impacts to water quality across Colorado).
- ***Drinking water and wastewater financial needs surveys,*** which are required to acquire federal drinking water and wastewater capitalization grants (and which are the primary means to identify capital infrastructure projects design and construction costs).
- ***Assistance to governmental agencies*** for facilitating effective planning, design, financing, and construction of facilities to comply with the provisions of the applicable state and federal drinking water and wastewater regulations.

⁵ A Total Maximum Daily Load, or TMDL, is the sum of the allowable loads of a single pollutant from all contributing point and nonpoint sources. The calculation must include a margin of safety to ensure that the waterbody can be used for the purposes the State has designated. The calculation must also account for seasonal variation in water quality. Colorado is under a court-ordered schedule to complete certain TMDLs, plus new TMDLs are routinely added to the workload.

By FY 2010-11, the Division estimates it will need 11.3 additional FTE at a total cost of approximately \$1.2 million to completely fulfill its statutory responsibilities and programmatic goals in this area.

The table below summarizes the anticipated resource needs outlined by the Department in the footnote report for the Water Quality Control Division.

Summary of Resource Needs for the Water Quality Control Division

Program Area	FY 08-09		FY 09-10		FY 10-11		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Drinking Water	9.0	831,000	8.0	739,000	7.0	646,000	24.0	2,216,000
Clean Water Facilities	5.0	462,000	5.0	462,000	4.0	369,000	14.0	1,293,000
Watersheds	5.9	544,000	4.2	388,000	1.2	298,000	11.3	1,230,000
Administration ⁶	1.0	92,000	1.0	92,000	1.0	93,000	3.0	277,000
Total	20.9	1,929,000	18.2	1,681,000	13.2	1,406,000	52.3	5,016,000

Notes:

- a. FTE costs are based upon FY 2007-08 average Division position costs of \$88,000 plus operating and capital outlay. Capital outlay was assumed to be \$3,815 per FTE per year. These costs are not on-going.
- b. In addition to FTE costs, Watershed program costs include \$187,000 in monitoring and modeling costs.
- c. Out-year costs do not include additional salary survey or other employee benefits, or additional leased space costs.
- d. The data for this table is from the Department's November 1, 2007 footnote 109 report and has not been independently evaluated by staff.

It should be noted that despite the FY 2008-09 needs indicated on the table above, the Department is not seeking an increase in resources for the Water Quality Control Division in FY 2008-09. The Department reported that it will work with stakeholders and do an internal analysis over the next year to determine the appropriate course of action.

⁶ The Administrative subdivision was not discussed in detail. It provides fiscal and budget operations for the Division, records storage, and general clerical support for other division activities. Due to the anticipated expansion in the programmatic areas, including increased staffing, contracts, records generation, and procurement activities, the Division anticipates the need for additional support resources in this subdivision as well.

Staff Recommendation

Staff recommends the Committee ask the Department the following questions at its hearing:

- a. To date, how well has the Division been able to address the concerns raised in the S.B. 03-236 report and the subsequent EPA audits?
- b. Is the Division able to fulfill its statutory requirements in a timely fashion?
- c. What are the possible long-term funding strategies to meet the resource needs identified in the November 1, 2007 footnote report?
- d. If additional resources are not acquired in FY 2008-09, how will it impact the Division's ability to keep up with its growing responsibilities? Will it be able to assure that the state's water resources are safe to drink, support a diversity and abundance of aquatic life, and are suitable for recreation, irrigation, and commercial use?

**FY 2008-09 Budget Briefing
Department of Public Health and Environment
- Environmental Divisions Only -**

ISSUE: Air Quality Control Division: Programmatic Demands & Resource Needs

SUMMARY:

- The Air Quality Control Division has seen a significant increase in its workload, primarily due to: growth in the oil and gas industry; violations of the federal ozone standard in the Denver Metro Area; proposed changes to the federal ozone standard; and multi-program initiatives, such as addressing regional haze, reducing the deposition of nitrogen in Rocky Mountain National Park, and undertaking climate-change related activities.

- Despite an influx of resources in the last three years, the Division foresees the need for at least 14.0 additional FTE in the next three years. However, the Department did not submit a decision item for additional resources in FY 2008-09.

STAFF RECOMMENDATIONS:

Staff recommends the Committee ask the Department the following questions at its hearing:

- a. Is the Division able to fulfill its statutory requirements in a timely fashion?
- b. What are the possible long-term funding strategies to meet the resource needs identified in the November 1, 2007 footnote report?
- c. If additional resources are not acquired in FY 2008-09, how will it impact the Division's ability to keep up with its growing responsibilities and workload?

BACKGROUND:

Air Quality Control Division Responsibilities

The Air Quality Control Division is responsible for coordinating and implementing programs to address air quality issues in many ways. The Division does air quality monitoring and modeling for the whole state. The data it obtains is analyzed and used to plan and coordinate the development of all regulatory air quality plans and programs. The Division implements all of the state's air quality regulations, including permitting, inspections, and enforcement at point sources. The Division provides technical and educational information for the public, permittees, and media. Finally, the Division also manages, coordinates, and implements specialized programs, such as transportation planning, the Mercury Program, the Environmental Problem Solving Program, and is beginning to address emerging issues such as air toxics, pollution prevention, community-based environmental protection programs, environmental justice, and global climate change.

Funding and Resource History

This Division is funded with cash, cash funds exempt, and federal funds. From FY 2001-02 through FY 2004-05, the only additional resources the Division received (outside of special bills) was one-time funding of \$144,000 for the purchase of new air quality monitoring equipment. However, beginning in FY 2005-06, the boom in oil and gas development-related workload began putting a strain on the Division's resources - and that workload has only continued to grow. The table below shows changes in the Division's resources since FY 2005-06

AQCD Resource Changes, FY 2005-06 to FY 2007-08⁷

Increases in			
Funding	FTE ⁸	Source	Notes
\$56,906 CF & CFE	0.7	FY 05-06 Supplemental	The resources were to address workload growth caused by increased oil and gas development.
\$209,639 CF	2.1	2006 Long Bill	The resources were to annualize the FY 05-06 supplemental.
\$52,312 CF	0.5	S.B. 06-114	This bill changed Housed Commercial Swine Feeding Operations (HCSFO) regulations and established a fee.
\$250,000 CFE	1.5	H.B. 06-1302	This bill required the Division to develop a "high emitter" program and to increase "clean screen" auto emissions testing.
\$708,873 CF	4.0	2007 Long Bill	The resources were for implementing new oil and gas industry regulations.
\$380,000 CFE	0.0	2007 Long Bill	The resources were for contracting with local agencies for air quality monitoring.
\$252,135 CF	3.0	2007 Long Bill	The resources were to address overall workload growth.
(\$61,176) CF & CFE	0.0	2007 Long Bill	The funding change was to annualize costs associated with S.B. 06-117 and H.B. 06-1302.
\$220,184 CF & FF	0.0	FY 2007-08 Emergency Supplemental	The resources were to pay for contract modeling services in response to the ozone non-attainment designation in the Denver Metro Area.
\$2,068,873 CF, CFE, FF	11.8		TOTAL CHANGES
\$1,827,737 CF, CFE, FF	9.8		CHANGES NOT ASSOCIATED WITH SPECIAL BILLS

⁷ This table only shows new resources. Not included are increases in employee benefits or technical adjustments.

⁸ All but one of the positions created in FY 2007-08 are filled, but the Department anticipates that it will be filled by the end of the calendar year.

The Division's most recent funding increase came in anticipation of a non-attainment designation for ozone in the Denver Metro area. In December 2002, in response to high summer ozone levels and the threat of a non-attainment designation, state and local agencies in the Denver area entered into the Ozone Early Action Compact (EAC) with the EPA. The EAC was a commitment to develop and implement an Ozone Action Plan in return for deferring a potential non-compliance delegation for EPA's 8-hour ozone standard. The state had until the end of the summer of 2007 to demonstrate compliance with the standard.

Unfortunately, high ozone readings this summer pushed the region's three-year average ozone readings out of compliance. As a result, the EPA designated the region as non-compliance for ozone in November. In preparation for non-designation, the Department sought and received an emergency supplemental in October to pay for contract modeling services that will be used in the development of the new State Implementation Plan (SIP) for ozone.⁹

The Denver Regional Air Quality Council (which has been designated by the Governor as the lead agency in SIP development) has begun stakeholder meetings to develop and evaluate potential emission control measures. All sources of potential emissions reductions will be considered, including fuels, stationary sources (including the oil and gas industry), public education, and mobile sources. The new SIP will be submitted to the Air Quality Control Commission for review in the fall of 2008. Pending the Commission's approval, it will then be submitted to the General Assembly for approval in 2009. Once approved by the General Assembly, it will be submitted to the EPA.

AQCD Structure and Resource Needs

Accompanying the new resources provided in the FY 2007-08 Long Bill was a new footnote (#108). The footnote requested that the Department submit a report on the Division's current and anticipated workload, as well as the associated funding and staffing needs. Although this footnote was vetoed, the Governor asked the Department to comply with the request to the extent feasible. The Department complied with the request. The information below on programmatic demands and resource needs was drawn from that report. Some of the needs described appear to either overlap or be redundant - it is not clear from the report which is the case. Additionally, noted through the report and below, are instances where the Division is anticipating additional workload, but the details are not yet well defined so the Division chose not to estimate a specific resource need at this time.

The Division is organized into three programmatic areas: (1) Technical Services; (2) Mobile Sources; and (3) Stationary Sources. Each program has its own subdivision in the Long Bill. Additionally, the Division has an administrative subdivision which also has a Long Bill subdivision. For each programmatic area, what follows is a brief description of its responsibilities, factors driving workload increases, and anticipated resources needs by FY 2010-11.

⁹ For more information, see staff's emergency supplemental presentation dated October 9, 2007.

(1) Technical Services

The Technical Services Program is responsible for air quality monitoring, statewide modeling of current and future air pollutant levels, high pollution day forecasting, and smoke management and fire permitting. The most significant workload impacts for this program are the recent ozone non-attainment designation for the Denver Metro area, and the proposed revision to the federal ozone standard. However, because the State Implementation Plan for coming back into attainment is still in development, and because the new ozone standard is yet unknown, the Division is unable to quantify what the related resource needs will be.

Another factor impacting the Technical Services Program workload is both state and federal wildfire reduction goals, set in light of the extensive pine beetle kills in Colorado. Meeting these goals will likely require **an additional FTE, at a cost of approximately \$84,000 in FY 2009-10**, to work on smoke management and prescribed fire permitting. Additionally, significant growth in vehicle miles traveled, industrial activity, and/or population may create a need for additional modeling and monitoring resources. If these trends continue as anticipated, the program may need **\$60,000 for air quality monitoring equipment in FY 2009-10**, and **an additional FTE, at a cost of approximately \$84,000, in FY 2010-11**.

(2) Mobile Sources

The Mobile Sources Program implements, monitors, and maintains emissions control programs for mobile sources of air pollution (such as cars and trucks), and investigates new reduction strategies for mobile source emissions. Mobile source emissions contribute a significant portion of the overall air emissions in the Front Range area. Regulatory programs currently operating in either the Denver Metro area or the Front Range include:

- ***The Gasoline Vehicle Inspection and Maintenance Program***, including the testing centers run by EnviroTest and the Clean Screen remote sensing program.
- ***The Diesel Vehicle Inspection and Maintenance Program***, which controls diesel exhaust smoke through two programs: one for large fleets of heavy-duty vehicles (fleet owners and operators are required to self-inspect and certify their vehicles annually); and one for small fleets and privately-owned diesel vehicles (eligible vehicles are required to be inspected on an annual basis by private, state-licensed diesel inspection stations).
- ***The Wintertime Oxygenated Fuels Program***, which is designed to reduce wintertime carbon monoxide emissions from automobiles through the use of cleaner burning gasoline in the seven-county Denver metropolitan area.
- ***The Summertime Fuel Sampling Program***, in which fuel is sampled from randomly chosen stations to measure vapor pressure and ethanol content, both of which affect vehicle emissions; the data is used by the Division in its air quality forecasting.

- **Technical Assistance Centers** that: help vehicle owners who are having difficulty repairing their vehicles so that they pass the emissions test; provide training and outreach to vehicle repair shops; study the effectiveness of the current vehicle emission control strategies; and investigate possible new reduction strategies.

At present, the anticipated resource needs center on the high emitter vehicle identification program. Per H.B. 06-1302, this program is now being piloted. Vehicles identified as being high emitters through multiple remote sensing readings (drive-by emissions testing), will get a notice telling them that they are required to bring their vehicle to an EnviroTest facility for a traditional emissions test immediately. Sanctions are being developed for vehicle owners who do not comply. In addition to the resources allocated by H.B. 06-1302, the Mobile Sources program has allocated another 1.5 FTE to the program through June 30, 2008. If the pilot project transitions into a full-scale program and existing programs stay in place, **an additional 2.0 FTE, at an estimated cost of \$169,000, may be needed beginning in FY 2009-10 or FY 2010-11.**

Additionally, while there are no proposed state or federal regulations that are expected to increase Mobile Sources resource needs, new initiatives or the expansion of existing programs may be proposed to address ozone non-attainment in the Denver Metro area. Depending on the nature and scope of what is proposed, the Mobile Sources program may require additional FTE to implement and enforce these programs.

(3) Stationary Sources

The Stationary Sources Program implements, monitors, and maintains emissions control programs for stationary sources of air pollution, and implements new programs for stationary source emissions. Regulatory programs currently being operated include:

- **Operating permits for "major sources"** (those sources that emit over a certain threshold of regulated pollutants), which are required under Title V of the federal Clean Air Act. Permits include a listing of all air pollution regulatory requirements that apply to the source and outline its air pollution control obligations. Permits must comply with federal and state standards, including New Source Performance Standards (which apply to a particular piece of equipment or type of source), and Maximum Achievable Control Technology Standards (for sources that emit hazardous air pollutants). The permits also contain monitoring, record keeping, and reporting requirements designed to ensure that the source knows when it is and is not in compliance.
- **Compliance inspections of stationary sources**, and related enforcement measures.
- **Review of new major sources and major modifications to existing sources**, or "New Source Reviews", which are part of a preconstruction permitting program that serves two purposes: (1) ensuring that air quality is not significantly degraded from the addition of new and modified factories, industrial boilers and power plants; and

(2) ensuing that any large new or modified industrial source will be as clean as possible, and that advances in pollution control occur concurrently with industrial expansion.

- **Minor Source Permitting** (those sources that emit regulated pollutants in levels below the major source threshold) which are required as part of the State Implementation Plan to keep emissions down. Minor source permits can include control requirements and emissions requirements similar to those found in major source permits.

The Stationary Sources Program's workload is primarily driven by the number of sources that must be regulated. From 1992 through 2002, the number of regulated sources grew by 31.4 percent (from 5,006 to 6,578); since 2002, the number of regulated sources grew another 67.2 percent (from 6,578 to 11,000), resulting in a total percent change in regulated sources since 1992 of 119.7 percent. Some of this workload increase has been addressed by resource increases in the past few years. However, the Division believes **an additional 3.0 FTE, at a cost of \$344,000, are needed in FY 2008-09**, to continue addressing this jump in workload growth. It should be noted that no decision item for these resources was included in the budget request.

As mentioned above, the rapid expansion of the oil and gas industry has been responsible for much of the workload growth in permitting and compliance. The Division believes **an additional 4.0 FTE, at a cost of \$444,000, will be needed in FY 2009-10 and FY 2010-11**, to continue address workload growth in this sector, and the anticipated regulatory initiatives related to this growth.

The Stationary Sources Program is also responsible for implementing three legislatively-mandated programs: (1) asbestos abatement; (2) lead-based paint abatement; and (3) the control of emissions of ozone depleting compounds. However, the Division does not see the need for additional resources in these areas in the near future, although the EPA's anticipated new lead rule may drive the need for additional resources, depending on the level of support provided by the federal government.

In addition to the program areas listed above, **Division-wide programs** are increasing workload for the Division. Some of these initiatives cross program areas; some are in their infancy. These new initiatives include:

- **Addressing climate change** - The Governor is expected to submit a climate change plan that may require the Division to develop plans to reduce greenhouse gas emissions from Colorado sources. Sustaining work in this area may require **additional 2.0 FTE, at a cost of \$169,000, beginning in FY 2008-09**.
- **Emissions control strategy development** - These efforts will be increasing over the next five years. The Division is required to develop emissions mitigation options for use in: (1) ozone plan development; (2) regional haze plans that improve visibility

in Colorado's national parks and wilderness areas; (3) climate change initiatives; (4) oil and gas efforts; and (5) the Rocky Mountain National Park Initiative, which seeks to reduce the deposition of nitrogen in the Park. The Division anticipates that **1.0 FTE, at a cost of \$84,000, will be needed by FY 2009-10**, if these efforts continue.

The table below summarizes the projected resource needs for the Air Quality Control Division, as outlined in the footnote report for that division.

Summary of Resource Needs for the Air Quality Control Division

Program Area	FY 08-09		FY 09-10		FY 10-11		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Technical Services	0.0	0	1.0	144,000	1.0	84,000	2.0	228,000
Mobile Sources	0.0	0	2.0	169,000	0.0	0	2.0	169,000
Stationary Sources	3.0	344,000	2.0	219,000	2.0	225,000	7.0	788,000
Division-wide	2.0	169,000	1.0	84,000	0.0	0	3.0	253,000
Total	5.0	513,000	6.0	616,000	3.0	309,000	14.0	1,438,000

Notes:

- a. The FY 2009-10 estimated costs for the Technical Services division include funding 1.0 FTE and \$60,000 for air quality monitoring equipment.
- b. The additional Mobile Sources FTE would be needed *only if* the high emitter vehicle identification pilot project transitions to a full-scale program.
- c. The Division anticipates that it can conduct its current ozone planning efforts within existing resources. However, implementation of any SIP measures adopted may require additional FTE, which cannot be estimated until plan specifics are developed.
- d. The data for this table is from the Department's November 1, 2007 footnote 108 report and has not been independently evaluated by staff.

Staff Recommendation

Staff recommends the Committee ask the Department the following questions at its hearing:

- a. Is the Division able to fulfill its statutory requirements in a timely fashion?
- b. What are the possible long-term funding strategies to meet the resource needs identified in the November 1, 2007 footnote report?
- c. If additional resources are not acquired in FY 2008-09, how will it impact the Division's ability to keep up with its growing responsibilities and workload?