

This Adobe file contains two documents:

1. The Department of Public Health and Environment, environmental divisions, figure-setting document dated February 13, 2007.
2. A memo to the Joint Budget Committee with staff comebacks dated March 15, 2007.

**COLORADO GENERAL ASSEMBLY**  
**JOINT BUDGET COMMITTEE**



**FY 2007-08 FIGURE SETTING:**  
**DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT -**  
**ENVIRONMENTAL DIVISIONS ONLY**

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

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**February 13, 2007**

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**DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT  
ENVIRONMENTAL DIVISIONS ONLY  
FY 2007-08 FIGURE SETTING**

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	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
<b>DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT</b>						
Executive Director: James Martin						
<b>(5) AIR POLLUTION CONTROL DIVISION</b>						
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.						
<b>(A) Administration</b>						
Personal Services	344,443	339,560	341,593	347,802	346,758	
FTE	4.5	4.5	4.5	4.5	4.5	
Cash Funds	119,666	121,427	121,628	125,631	125,254	
FTE	1.6	1.6	1.6	1.6	1.6	
Cash Funds Exempt	127,974	130,618	129,102	131,490	131,095	
FTE	1.5	1.5	1.5	1.5	1.5	
Federal Funds	96,803	87,515	90,863	90,681	90,409	
FTE	1.4	1.4	1.4	1.4	1.4	
Operating Expenses - FF	9,187	8,197	9,187	9,187	9,187	
Capital Outlay - CF	0	0	0	0	173,875	DI #6, BA #6a
Indirect Cost Assessment	<u>2,181,325</u>	<u>2,262,250</u>	<u>2,408,617</u>	<u>2,446,453</u>	0	Pending, DI 6, BA 6a
Cash Funds	1,049,814	1,050,056	1,173,488	1,143,488	0	
Cash Funds Exempt	699,863	752,571	780,308	868,144	0	
Federal Funds	431,648	459,623	454,821	434,821	0	
						Recommd. vs. Approp.
<b>SUBTOTAL - Administration</b>	<b>2,534,955</b>	<b>2,610,007</b>	<b>2,759,397</b>	<b>2,803,442</b>	<b>529,820</b>	<b>-80.8%</b>
FTE	4.5	4.5	4.5	4.5	4.5	0.0%
Cash Funds	1,169,480	1,171,483	1,295,116	1,269,119	299,129	-333.0%
FTE	1.6	1.6	1.6	1.6	1.6	0.0%
Cash Funds Exempt	827,837	883,189	909,410	999,634	131,095	-593.7%
FTE	1.5	1.5	1.5	1.5	1.5	0.0%
Federal Funds	537,638	555,335	554,871	534,689	99,596	-457.1%
FTE	1.4	1.4	1.4	1.4	1.4	0.0%

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
<b>(B) Technical Services</b>						
<b>(1) Air Quality Monitoring</b>						
Personal Services	1,294,288	1,336,405	1,368,975	1,384,037	1,379,876	
FTE	<u>16.9</u>	<u>17.1</u>	<u>18.6</u>	<u>18.6</u>	<u>18.6</u>	
Cash Funds	56,341	57,295	60,074	60,256	60,075	
FTE	1.3	1.3	1.7	1.7	1.7	
Cash Funds Exempt	977,244	988,763	999,600	1,015,099	1,012,047	
FTE	12.8	12.8	12.5	12.5	12.5	
Federal Funds	260,703	290,347	309,301	308,682	307,754	
FTE	2.8	3.0	4.4	4.4	4.4	
Operating Expenses	<u>111,082</u>	<u>112,814</u>	<u>112,815</u>	<u>112,815</u>	<u>112,815</u>	
Cash Funds Exempt	94,732	96,458	96,458	96,458	96,458	
Federal Funds	16,350	16,356	16,357	16,357	16,357	
Local Contracts	<u>165,941</u>	<u>254,673</u>	<u>254,674</u>	<u>254,674</u>	<u>254,674</u>	
Cash Funds	44,472	84,270	84,270	84,270	84,270	
Cash Funds Exempt	81,851	92,034	92,034	92,034	92,034	
Federal Funds	39,618	78,369	78,370	78,370	78,370	
						Recommd. vs. Approp.
Subtotal - Air Quality Monitoring	1,571,311	1,703,892	1,736,464	1,751,526	1,747,365	0.6%
FTE	<u>16.9</u>	<u>17.1</u>	<u>18.6</u>	<u>18.6</u>	<u>18.6</u>	0.0%
Cash Funds	100,813	141,565	144,344	144,526	144,345	0.0%
FTE	1.3	1.3	1.7	1.7	1.7	0.0%
Cash Funds Exempt	1,153,827	1,177,255	1,188,092	1,203,591	1,200,539	1.0%
FTE	12.8	12.8	12.5	12.5	12.5	0.0%
Federal Funds	316,671	385,072	404,028	403,409	402,481	-0.4%
FTE	2.8	3.0	4.4	4.4	4.4	0.0%

	<b>FY 2004-05</b> <b>Actual</b>	<b>FY 2005-06</b> <b>Actual</b>	<b>FY 2006-07</b> <b>Approp.</b>	<b>FY 2007-08</b> <b>Request</b>	<b>FY 2007-08</b> <b>Recommend</b>	<b>Change Requests</b>
<b>(2) Modeling and Analysis</b>						
Personal Services	780,830	731,424	843,555	846,809	845,095	
FTE	<u>9.4</u>	<u>9.3</u>	<u>11.1</u>	<u>11.1</u>	<u>11.1</u>	
Cash Funds	84,543	79,846	81,970	83,783	83,786	
FTE	1.4	1.4	1.4	1.4	1.4	
Cash Funds Exempt	189,070	181,572	188,016	190,604	190,608	
FTE	2.4	2.4	2.4	2.4	2.4	
Federal Funds	507,217	470,006	573,569	572,422	570,701	
FTE	5.6	5.5	7.3	7.3	7.3	
Operating Expenses	<u>448,931</u>	<u>550,061</u>	<u>248,370</u>	<u>248,370</u>	<u>248,370</u>	
Cash Funds	12,759	15,005	15,005	15,005	15,005	
Cash Funds Exempt	118,061	124,294	124,295	124,295	124,295	
Federal Funds	318,111	410,762	109,070	109,070	109,070	
						<b>Recommd. vs. Approp.</b>
Subtotal - Modeling and Analysis	1,229,761	1,281,485	1,091,925	1,095,179	1,093,465	0.1%
FTE	<u>9.4</u>	<u>9.3</u>	<u>11.1</u>	<u>11.1</u>	<u>11.1</u>	0.0%
Cash Funds	97,302	94,851	96,975	98,788	98,791	1.8%
FTE	1.4	1.4	1.4	1.4	1.4	0.0%
Cash Funds Exempt	307,131	305,866	312,311	314,899	314,903	0.8%
FTE	2.4	2.4	2.4	2.4	2.4	0.0%
Federal Funds	825,328	880,768	682,639	681,492	679,771	-0.4%
FTE	5.6	5.5	7.3	7.3	7.3	0.0%
<b>(3) Visibility and Risk Assessment</b>						
Personal Services	419,177	431,776	439,538	447,265	446,159	
FTE	<u>5.2</u>	<u>4.9</u>	<u>5.4</u>	<u>5.4</u>	<u>5.4</u>	
Cash Funds	252,233	245,098	255,288	261,671	260,884	
FTE	2.8	2.8	2.8	2.8	2.8	
Cash Funds Exempt	76,374	75,875	77,517	79,074	79,076	
FTE	1.0	1.0	1.0	1.0	1.0	
Federal Funds	90,570	110,803	106,733	106,520	106,199	
FTE	1.4	1.1	1.6	1.6	1.6	
Operating Expenses - FF	23,253	39,141	39,142	39,142	39,142	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommnd. vs. Approp.
Subtotal - Visibility and Risk Assessmt	442,430	470,917	478,680	486,407	485,301	1.4%
FTE	<u>5.2</u>	<u>4.9</u>	<u>5.4</u>	<u>5.4</u>	<u>5.4</u>	0.0%
Cash Funds	252,233	245,098	255,288	261,671	260,884	2.1%
FTE	2.8	2.8	2.8	2.8	2.8	0.0%
Cash Funds Exempt	76,374	75,875	77,517	79,074	79,076	2.0%
FTE	1.0	1.0	1.0	1.0	1.0	0.0%
Federal Funds	113,823	149,944	145,875	145,662	145,341	-0.4%
FTE	1.4	1.1	1.6	1.6	1.6	0.0%
						Recommnd. vs. Approp.
SUBTOTAL - Technical Services	3,243,502	3,456,294	3,307,069	3,333,112	3,326,131	0.6%
FTE	<u>31.5</u>	<u>31.3</u>	<u>35.1</u>	<u>35.1</u>	<u>35.1</u>	0.0%
Cash Funds	450,348	481,514	496,607	504,985	504,020	1.5%
FTE	5.5	5.5	5.9	5.9	5.9	0.0%
Cash Funds Exempt	1,537,332	1,558,996	1,577,920	1,597,564	1,594,518	1.0%
FTE	16.2	16.2	15.9	15.9	15.9	0.0%
Federal Funds	1,255,822	1,415,784	1,232,542	1,230,563	1,227,593	-0.4%
FTE	9.8	9.6	13.3	13.3	13.3	0.0%
<b>(C) Mobile Sources</b>						
<b>(1) Research and Support</b>						
Personal Services	1,465,571	1,506,112	1,546,469	1,559,756	1,555,067	
FTE	<u>18.4</u>	<u>19.6</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	
Cash Funds Exempt	1,304,512	1,314,958	1,346,505	1,360,192	1,356,103	
FTE	16.4	17.1	17.1	17.1	17.1	
Federal Funds	161,059	191,154	199,964	199,564	198,964	
FTE	2.0	2.5	2.9	2.9	2.9	
Operating Expenses	<u>304,372</u>	<u>306,377</u>	<u>306,377</u>	<u>306,377</u>	<u>306,377</u>	
Cash Funds Exempt	288,124	288,127	288,127	288,127	288,127	
Federal Funds	16,248	18,250	18,250	18,250	18,250	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommd. vs. Approp.
Subtotal - Research and Support	1,769,943	1,812,489	1,852,846	1,866,133	1,861,444	0.5%
FTE	<u>18.4</u>	<u>19.6</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	0.0%
Cash Funds Exempt	1,592,636	1,603,085	1,634,632	1,648,319	1,644,230	0.6%
FTE	16.4	17.1	17.1	17.1	17.1	0.0%
Federal Funds	177,307	209,404	218,214	217,814	217,214	-0.5%
FTE	2.0	2.5	2.9	2.9	2.9	0.0%
<b>(2) Inspection and Maintenance</b>						
Personal Services - CFE	687,115	694,042	710,575	677,577	675,664	
FTE	9.3	9.3	9.6	9.0	9.0	
Operating Expenses - CFE	35,984	36,407	27,184	18,996	18,996	
Diesel Inspection/Maintenance Program	629,992	608,167	637,884	640,225	638,318	
FTE	<u>6.6</u>	<u>6.3</u>	<u>6.6</u>	<u>6.6</u>	<u>6.6</u>	
Cash Funds	158,046	152,589	175,153	174,803	174,277	
FTE	1.7	1.5	1.8	1.8	1.8	
Cash Funds Exempt	471,946	455,578	462,731	465,422	464,041	
FTE	4.9	4.8	4.8	4.8	4.8	
Clean Screen and High Emitter Programs - CF	n/a	n/a	250,000 a/	190,000	190,000	
FTE			1.5 a/	1.5	1.5	
Mechanic Certification Program - CF	1,250	2,150	7,000	7,000	7,000	
FTE	0.0	0.0	0.1	0.1	0.1	
Local Grants - CFE	45,298	45,176	45,299	45,299	45,299	
<b>Recommd. vs. Approp.</b>						
Subtotal - Inspection and Maintenance	1,399,639	1,385,942	1,677,942	1,579,097	1,575,277	-6.1%
FTE	<u>15.9</u>	<u>15.6</u>	<u>17.8</u>	<u>17.2</u>	<u>17.2</u>	-3.5%
Cash Funds	159,296	154,739	432,153	371,803	371,277	-16.4%
FTE	1.7	1.5	3.4	3.4	3.4	0.0%
Cash Funds Exempt	1,240,343	1,231,203	1,245,789	1,207,294	1,204,000	-3.5%
FTE	14.2	14.1	14.4	13.8	13.8	-4.3%

a/ Per H.B. 06-1302, this appropriation includes 1.5 FTE and \$250,000 cash funds from the Clean Screen Fund, from moneys received from the Clean Screen Authority, for costs associated with developing a "high emitter" auto emissions testing program and increasing clean screen testing.

Recommd. vs. Approp.



	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
SUBTOTAL - Mobile Sources	3,169,582	3,198,431	3,530,788	3,445,230	3,436,721	-2.7%
FTE	<u>34.3</u>	<u>35.2</u>	<u>37.8</u>	<u>37.2</u>	<u>37.2</u>	-1.6%
Cash Funds	159,296	154,739	432,153	371,803	371,277	-16.4%
FTE	1.7	1.5	3.4	3.4	3.4	0.0%
Cash Funds Exempt	2,832,979	2,834,288	2,880,421	2,855,613	2,848,230	-1.1%
FTE	30.6	31.2	31.5	30.9	30.9	-1.9%
Federal Funds	177,307	209,404	218,214	217,814	217,214	-0.5%
FTE	2.0	2.5	2.9	2.9	2.9	0.0%

**(D) Stationary Sources**

(1) Inventory and Support Services

Personal Services	1,418,231	1,477,053	1,668,752	1,685,921	1,680,854	
FTE	<u>19.2</u>	<u>19.6</u>	<u>23.1</u>	<u>23.1</u>	<u>23.1</u>	
Cash Funds	898,361	942,543	1,083,907	1,102,246	1,098,933	
FTE	11.4	12.1	14.2	14.2	14.2	
Federal Funds	519,870	534,510	584,845	583,675	581,921	
FTE	7.8	7.5	8.9	8.9	8.9	
Operating Expenses - CF	253,480	263,189	258,661	258,661	258,661	

Recommd. vs. Approp.

Subtotal - Inventory and Support Services	1,671,711	1,740,242	1,927,413	1,944,582	1,939,515	0.6%
FTE	<u>19.2</u>	<u>19.6</u>	<u>23.1</u>	<u>23.1</u>	<u>23.1</u>	0.0%
Cash Funds	1,151,841	1,205,732	1,342,568	1,360,907	1,357,594	1.1%
FTE	11.4	12.1	14.2	14.2	14.2	0.0%
Federal Funds	519,870	534,510	584,845	583,675	581,921	-0.5%
FTE	7.8	7.5	8.9	8.9	8.9	0.0%

(2) Permits and Compliance Assurance

Personal Services	2,752,966	2,729,860	2,886,505	3,448,563	3,451,888	
FTE	<u>36.6</u>	<u>36.3</u>	<u>39.1</u>	<u>46.1</u>	<u>46.1</u>	
Cash Funds	2,212,576	2,131,312	2,181,549	2,745,018	2,746,932	DI #6, BA #6a
FTE	30.2	30.5	30.5	37.5	37.5	DI #6, BA #6a
Cash Funds Exempt	0	99,243	99,045	98,846	99,045	
Federal Funds	540,390	499,305	605,911	604,699	605,911	
FTE	6.4	5.8	8.6	8.6	8.6	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
Operating Expenses	<u>37,877</u>	<u>46,916</u>	<u>38,092</u>	<u>138,726</u>	<u>52,892</u>	
Cash Funds	31,492	31,762	31,762	132,396	46,562	DI #6, BA #6a
Federal Funds	6,385	15,154	6,330	6,330	6,330	
Local Contracts	<u>581,110</u>	<u>608,119</u>	<u>563,492</u>	<u>814,555</u>	<u>814,555</u>	
Cash Funds	319,113	319,114	319,114	570,177	570,177	DI #6a
Federal Funds	261,997	289,005	244,378	244,378	244,378	
						Recommd. vs. Approp.
Subtotal - Permits and Compliance						n/a
Assurance	3,371,953	3,384,895	3,488,089	4,401,844	4,319,335	19.2%
FTE	<u>36.6</u>	<u>36.3</u>	<u>39.1</u>	<u>46.1</u>	<u>46.1</u>	15.2%
Cash Funds	2,563,181	2,482,188	2,532,425	3,447,591	3,363,671	24.7%
FTE	30.2	30.5	30.5	37.5	37.5	18.7%
Cash Funds Exempt	0	99,243	99,045	98,846	99,045	0.0%
Federal Funds	808,772	803,464	856,619	855,407	856,619	0.0%
FTE	6.4	5.8	8.6	8.6	8.6	0.0%
(3) Hazardous and Toxic Control						
Personal Services	818,812	767,365	859,632	873,400	870,774	
FTE	<u>12.3</u>	<u>11.4</u>	<u>12.0</u>	<u>12.0</u>	<u>12.0</u>	
Cash Funds	656,116	654,719	672,067	686,210	684,147	
FTE	9.8	9.8	9.8	9.8	9.8	
Federal Funds	162,696	112,646	187,565	187,190	186,627	
FTE	2.5	1.6	2.2	2.2	2.2	
Operating Expenses - CF	63,719	63,762	63,763	63,763	63,763	
Preservation of the Ozone Layer	118,370	129,374	206,075	210,240	210,661	
FTE	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds	103,342	103,257	144,643	148,931	149,229	
FTE	1.7	2.0	2.0	2.0	2.0	
Cash Funds Exempt	15,028	26,117	61,432	61,309	61,432	
FTE	0.3	0.0	0.0	0.0	0.0	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommd. vs. Approp.
Subtotal - Hazardous and Toxic Control	1,000,901	960,501	1,129,470	1,147,403	1,145,198	1.4%
FTE	<u>14.3</u>	<u>13.4</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>	0.0%
Cash Funds	823,177	821,738	880,473	898,904	897,139	1.9%
FTE	11.5	11.8	11.8	11.8	11.8	0.0%
Cash Funds Exempt	15,028	26,117	61,432	61,309	61,432	0.0%
FTE	0.3	0.0	0.0	0.0	0.0	n/a
Federal Funds	162,696	112,646	187,565	187,190	186,627	-0.5%
FTE	2.5	1.6	2.2	2.2	2.2	0.0%
(4) Housed Commercial Swine Feeding Operation (HCSFO) Program						
Program Costs - CF	n/a	n/a	52,312 a/	46,302	46,302	Recommd. vs. Approp. -11.5%
FTE			0.5 a/	0.5	0.5	0.0%
a/ Per S.B. 06-114, these appropriations include \$52,312 cash funds from the Housed Commercial Swine Feeding Operation Fund and 0.5 FTE for costs associated with additional regulations of housed commercial swine feeding operations.						
Recommd. vs. Approp.						
SUBTOTAL - Stationary Sources	6,044,565	6,085,638	6,597,284	7,540,131	7,450,350	12.9%
FTE	<u>70.1</u>	<u>69.3</u>	<u>76.7</u>	<u>83.7</u>	<u>83.7</u>	8.4%
Cash Funds	4,538,199	4,509,658	4,807,778	5,753,704	5,664,706	15.1%
FTE	53.1	54.4	57.0	64.0	64.0	10.9%
Cash Funds Exempt	15,028	125,360	160,477	160,155	160,477	0.0%
FTE	0.3	0.0	0.0	0.0	0.0	n/a
Federal Funds	1,491,338	1,450,620	1,629,029	1,626,272	1,625,167	-0.2%
FTE	16.7	14.9	19.7	19.7	19.7	0.0%
Recommd. vs. Approp.						
<b>TOTAL - (5) AIR QUALITY CONTROL</b>						
<b>DIVISION</b>	14,992,604	15,350,370	16,194,538	17,121,915	14,743,022	-9.8%
FTE	<u>140.4</u>	<u>140.3</u>	<u>154.1</u>	<u>160.5</u>	<u>160.5</u>	4.0%
Cash Funds	6,317,323	6,317,394	7,031,654	7,899,611	6,839,132	-2.8%
FTE	61.9	63.0	67.9	74.9	74.9	9.3%
Cash Funds Exempt	5,213,176	5,401,833	5,528,228	5,612,966	4,734,320	-16.8%
FTE	48.6	48.9	48.9	48.3	48.3	-1.2%
Federal Funds	3,462,105	3,631,143	3,634,656	3,609,338	3,169,570	-14.7%
FTE	29.9	28.4	37.3	37.3	37.3	0.0%

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
<b>(6) WATER QUALITY CONTROL DIVISION</b>						
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.						
<b>(A) Administration</b>						
Personal Services	921,553	897,584	832,049	856,253	853,678	
FTE	<u>13.6</u>	<u>13.7</u>	<u>13.8</u>	<u>13.8</u>	<u>13.8</u>	
General Fund	0	526,122	448,550	468,737	467,328	
FTE	0.0	7.8	7.8	7.8	7.8	
Cash Funds	685,130	167,802	169,925	174,369	173,844	
FTE	9.8	2.7	2.7	2.7	2.7	
Federal Funds	236,423	203,660	213,574	213,147	212,506	
FTE	3.8	3.2	3.3	3.3	3.3	
Operating Expenses	<u>108,558</u>	<u>51,230</u>	<u>52,356</u>	<u>52,356</u>	<u>52,356</u>	
General Fund	0	18,834	18,834	18,834	18,834	
Cash Funds	20,996	3,459	3,459	3,459	3,459	
Federal Funds	87,562	28,937	30,063	30,063	30,063	
Capital Outlay	<u>0</u>	<u>0</u>	<u>30,051</u>	<u>26,705</u>	<u>26,705</u>	
General Fund	0	0	27,046	0	0	
Cash Funds	0	0	3,005	15,260	15,260	DI #2
Cash Funds Exempt	0	0	0	11,445	11,445	DI #2
Indirect Cost Assessment	<u>1,739,726</u>	<u>1,505,166</u>	<u>1,597,821</u>	<u>1,600,676</u>	<u>0</u>	pending
Cash Funds	801,985	522,610	646,635 a/	674,490	0	
Cash Funds Exempt	31,121	26,189	31,189	26,189	0	
Federal Funds	906,620	956,367	919,997	899,997	0	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommnd. vs. Approp.
SUBTOTAL - Administration	2,769,837	2,453,980	2,512,277	2,535,990	932,739	-62.9%
FTE	<u>13.6</u>	<u>13.7</u>	<u>13.8</u>	<u>13.8</u>	<u>13.8</u>	0.0%
General Fund	0	544,956	494,430	487,571	486,162	-1.7%
FTE	0.0	7.8	7.8	7.8	7.8	0.0%
Cash Funds	1,508,111	693,871	823,024	867,578	192,563	-327.4%
FTE	9.8	2.7	2.7	2.7	2.7	0.0%
Cash Funds Exempt	31,121	26,189	31,189	37,634	11,445	-172.5%
Federal Funds	1,230,605	1,188,964	1,163,634	1,143,207	242,569	-379.7%
FTE	3.8	3.2	3.3	3.3	3.3	0.0%

a/ Per H.B. 06-1337, which revised civil penalty for violations of water quality control provisions, the appropriation includes \$14,650 cash funds from the Water Quality Improvement Fund for administration costs associated with the programs outlined in this bill.

**(B) Watershed Assessment, Outreach, and Assistance**

Personal Services	2,170,901	2,601,982	2,729,397	2,872,260	2,863,202	
FTE	<u>29.8</u>	<u>25.0</u>	<u>37.6</u>	<u>39.6</u>	<u>39.6</u>	
General Fund	0	228,036	278,946	293,931	293,047	
FTE	0.0	4.4	5.4	5.4	5.4	
Cash Funds	501,900	299,722	292,244	298,986	298,087	
FTE	5.0	3.3	3.3	3.3	3.3	
Cash Funds Exempt	32,827	32,936	39,549	164,922	164,003	DI #2
FTE	0.4	0.0	0.6	2.6	2.6	DI #2
Federal Funds	1,636,174	2,041,288	2,118,658	2,114,421	2,108,065	
FTE	24.4	17.3	28.3	28.3	28.3	
Operating Expenses	<u>529,391</u>	<u>529,750</u>	<u>524,768</u>	<u>525,768</u>	<u>525,768</u>	
General Fund	0	374,207	376,207	376,207	376,207	
Cash Funds	374,207	0	0	0	0	
Cash Funds Exempt	1,674	360	1,675	2,675	2,675	DI #2
Federal Funds	153,510	155,183	146,886	146,886	146,886	
Local Grants and Contracts - FF	1,552,090	1,845,276	2,136,456	2,136,456	2,136,456	
Water Quality Improvement - CF	n/a	n/a	278,340 a/	239,371	117,196	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommd. vs. Approp.
SUBTOTAL - Watershed Assessment, Outreach, and Assistance	4,252,382	4,977,008	5,668,961	5,773,855	5,642,622	n/a
FTE	<u>29.8</u>	<u>25.0</u>	<u>37.6</u>	<u>39.6</u>	<u>39.6</u>	5.1%
General Fund	0	602,243	655,153	670,138	669,254	2.1%
FTE	0.0	4.4	5.4	5.4	5.4	0.0%
Cash Funds	876,107	299,722	570,584	538,357	415,283	-37.4%
FTE	5.0	3.3	3.3	3.3	3.3	0.0%
Cash Funds Exempt	34,501	33,296	41,224	167,597	166,678	75.3%
FTE	0.4	0.0	0.6	2.6	2.6	76.9%
Federal Funds	3,341,774	4,041,747	4,402,000	4,397,763	4,391,407	-0.2%
FTE	24.4	17.3	28.3	28.3	28.3	0.0%

a/ Per H.B. 06-1337, this appropriation includes \$278,340 cash funds from the Water Quality Improvement Fund. These funds will come from revenue due to increases in civil penalties for violations of water quality control provisions, and will be used for grants for impacted communities or matching funds for certain federal programs.

**(C) Permitting and Compliance Assurance**

Personal Services	3,101,424	2,740,482	2,938,965	3,331,908	3,318,473	
FTE	<u>38.9</u>	<u>39.9</u>	<u>37.8</u>	<u>42.8</u>	<u>42.8</u>	
General Fund	0	98,432	190,761	193,759	193,177	
FTE	0.0	1.5	3.0	3.0	3.0	
Cash Funds	2,130,795	2,065,081	2,147,895	2,465,371	2,455,259	DI #2
FTE	32.3	27.9	28.9	32.9	32.9	DI #2
Cash Funds Exempt	148,699	153,469	160,761	234,109	232,687	DI #2
FTE	2.0	2.2	2.2	3.2	3.2	DI #2
Federal Funds	821,930	423,500	439,548	438,669	437,350	
FTE	4.6	8.3	3.7	3.7	3.7	
Operating Expenses	<u>375,404</u>	<u>251,259</u>	<u>376,746</u>	<u>383,114</u>	<u>383,116</u>	
General Fund	0	39,706	227,706	227,706	227,706	
Cash Funds	144,855	105,149	107,149	113,017	113,019	DI #2
Cash Funds Exempt	10,728	10,727	10,727	11,227	11,227	DI #2
Federal Funds	219,821	95,677	31,164	31,164	31,164	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommd. vs. Approp.
<b>SUBTOTAL - Permitting and Compliance</b>						
Assurance	3,476,828	2,991,741	3,315,711	3,715,022	3,701,589	10.4%
FTE	<u>38.9</u>	<u>39.9</u>	<u>37.8</u>	<u>42.8</u>	<u>42.8</u>	11.7%
General Fund	0	138,138	418,467	421,465	420,883	0.6%
FTE	0.0	1.5	3.0	3.0	3.0	0.0%
Cash Funds	2,275,650	2,170,230	2,255,044	2,578,388	2,568,278	12.2%
FTE	32.3	27.9	28.9	32.9	32.9	12.2%
Cash Funds Exempt	159,427	164,196	171,488	245,336	243,914	29.7%
FTE	2.0	2.2	2.2	3.2	3.2	31.3%
Federal Funds	1,041,751	519,177	470,712	469,833	468,514	-0.5%
FTE	4.6	8.3	3.7	3.7	3.7	0.0%
<b>(D) Drinking Water Program</b>						
Personal Services	2,763,141	2,928,718	2,939,548	2,949,236	2,940,370	
FTE	<u>35.3</u>	<u>40.4</u>	<u>41.4</u>	<u>41.4</u>	<u>41.4</u>	
General Fund	0	505,318	827,147	841,060	838,531	
FTE	0.0	8.6	15.1	15.1	15.1	
Cash Funds	498,399	0	0	0	0	
FTE	7.0	0.0	0.0	0.0	0.0	
Federal Funds	2,264,742	2,423,400	2,112,401	2,108,176	2,101,839	
FTE	28.3	31.8	26.3	26.3	26.3	
Operating Expenses	<u>183,659</u>	<u>155,900</u>	<u>211,833</u>	<u>211,833</u>	<u>211,833</u>	
General Fund	0	31,888	94,887	94,887	94,887	
Cash Funds	31,891	0	0	0	0	
Federal Funds	151,768	124,012	116,946	116,946	116,946	
<b>SUBTOTAL - Drinking Water Program</b>						
	2,946,800	3,084,618	3,151,381	3,161,069	3,152,203	0.0%
FTE	<u>35.3</u>	<u>40.4</u>	<u>41.4</u>	<u>41.4</u>	<u>41.4</u>	0.0%
General Fund	0	537,206	922,034	935,947	933,418	1.2%
FTE	0.0	8.6	15.1	15.1	15.1	0.0%
Cash Funds	530,290	0	0	0	0	n/a
FTE	7.0	0.0	0.0	0.0	0.0	n/a
Federal Funds	2,416,510	2,547,412	2,229,347	2,225,122	2,218,785	-0.5%
FTE	28.3	31.8	26.3	26.3	26.3	0.0%

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommd. vs. Approp.
<b>TOTAL - (6) WATER QUALITY CONTROL</b>						
<b>DIVISION</b>	13,445,847	13,507,347	14,648,330	15,185,936	13,429,153	-9.1%
FTE	<u>117.6</u>	<u>118.9</u>	<u>130.6</u>	<u>137.6</u>	<u>137.6</u>	5.1%
General Fund	0	1,822,543	2,490,084	2,515,121	2,509,717	0.8%
FTE	0.0	22.3	31.3	31.3	31.3	0.0%
Cash Funds	5,190,158	3,163,823	3,648,652	3,984,323	3,176,124	-14.9%
FTE	54.1	33.9	34.9	38.9	38.9	10.3%
Cash Funds Exempt	225,049	223,681	243,901	450,567	422,037	42.2%
FTE	2.4	2.2	2.8	5.8	5.8	51.7%
Federal Funds	8,030,640	8,297,300	8,265,693	8,235,925	7,321,275	-12.9%
FTE	61.1	60.6	61.6	61.6	61.6	0.0%

**(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	194,849	166,640	284,367	295,025	294,195	
FTE	<u>1.9</u>	<u>3.4</u>	<u>3.4</u>	<u>3.4</u>	<u>3.4</u>	
Cash Funds	194,849	166,640	192,815	198,068	197,502	
FTE	1.9	3.4	3.1	3.1	3.1	
Cash Funds Exempt	0	0	68,973	74,423	74,227	
Federal Funds	0	0	22,579	22,534	22,466	
FTE	0.0	0.0	0.3	0.3	0.3	
Legal Services	312,405	392,978	419,022	416,446	0	pending
hours	<u>6,145</u>	<u>6,202</u>	<u>6,183</u>	<u>6,145</u>	<u>6,145</u>	
Cash Funds	167,317	229,522	243,287	240,711	0	
Cash Funds Exempt	386	1,849	4,622	4,622	0	
Federal Funds	144,702	161,607	171,113	171,113	0	



	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
Capital Outlay - CF	0	0	0	3,205	3,205	DI #9
Indirect Cost Assessment	<u>1,734,711</u>	<u>1,812,596</u>	<u>1,990,488</u>	<u>2,179,651</u>	<u>0</u>	pending
Cash Funds	856,806	899,486	1,041,072	1,061,072	0	
Cash Funds Exempt	40,062	30,087	53,416	53,579	0	
Federal Funds	837,843	883,023	896,000	1,065,000	0	
						Recommd. vs. Approp.
<b>SUBTOTAL - Administration</b>	<b>2,241,965</b>	<b>2,372,214</b>	<b>2,693,877</b>	<b>2,894,327</b>	<b>297,400</b>	<b>-89.0%</b>
FTE	<u>1.9</u>	<u>3.4</u>	<u>3.4</u>	<u>3.4</u>	<u>3.4</u>	0.0%
Cash Funds	1,218,972	1,295,648	1,477,174	1,503,056	200,707	-636.0%
FTE	1.9	3.4	3.1	3.1	3.1	0.0%
Cash Funds Exempt	40,448	31,936	127,011	132,624	74,227	-71.1%
Federal Funds	982,545	1,044,630	1,089,692	1,258,647	22,466	-4750.4%
FTE	0.0	0.0	0.3	0.3	0.3	0.0%
<b>(B) Hazardous Waste Control Program</b>						
Personal Services	2,802,827	2,797,630	2,960,529	2,954,608	2,945,726	
FTE	<u>35.1</u>	<u>34.1</u>	<u>38.2</u>	<u>38.2</u>	<u>38.2</u>	
Cash Funds	1,118,052	1,099,628	1,290,756	1,288,174	1,284,302	
FTE	14.0	13.5	17.6	17.6	17.6	
Federal Funds	1,684,775	1,698,002	1,669,773	1,666,434	1,661,424	
FTE	21.1	20.6	20.6	20.6	20.6	
Operating Expenses	<u>200,574</u>	<u>177,033</u>	<u>213,571</u>	<u>213,571</u>	<u>213,571</u>	
Cash Funds	43,443	45,393	45,663	45,663	45,663	
Federal Funds	157,131	131,640	167,908	167,908	167,908	
						Recommd. vs. Approp.
<b>SUBTOTAL - Hazardous Waste Control</b>	<b>3,003,401</b>	<b>2,974,663</b>	<b>3,174,100</b>	<b>3,168,179</b>	<b>3,159,297</b>	<b>-0.5%</b>
FTE	<u>35.1</u>	<u>34.1</u>	<u>38.2</u>	<u>38.2</u>	<u>38.2</u>	0.0%
Cash Funds	1,161,495	1,145,021	1,336,419	1,333,837	1,329,965	-0.5%
FTE	14.0	13.5	17.6	17.6	17.6	0.0%
Federal Funds	1,841,906	1,829,642	1,837,681	1,834,342	1,829,332	-0.5%
FTE	21.1	20.6	20.6	20.6	20.6	0.0%

	<b>FY 2004-05</b> <b>Actual</b>	<b>FY 2005-06</b> <b>Actual</b>	<b>FY 2006-07</b> <b>Approp.</b>	<b>FY 2007-08</b> <b>Request</b>	<b>FY 2007-08</b> <b>Recommend</b>	<b>Change Requests</b>
<b>(C) Solid Waste Control Program</b>						
Program Costs	1,019,355	1,060,455	1,373,283	1,400,361	1,396,302	Recommd. vs. Approp. 1.7%
FTE	<u>11.5</u>	<u>13.5</u>	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>	0.0%
Cash Funds	963,243	1,060,455	1,373,283	1,400,361	1,396,302	1.6%
FTE	10.8	13.5	12.5	12.5	12.5	0.0%
Cash Funds Exempt	35,360	0	0	0	0	n/a
FTE	0.4	0.0	0.0	0.0	0.0	n/a
Federal Funds	20,752	0	0	0	0	n/a
FTE	0.3	0.0	0.0	0.0	0.0	n/a
<b>(D) Uranium Mill Tailings Remedial Action Program</b>						
Program Costs	216,691	195,479	230,779	230,316	230,779	Recommd. vs. Approp. 0.0%
FTE	<u>2.9</u>	<u>2.8</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	0.0%
Cash Funds Exempt	188,580	173,838	185,508	185,045	185,508	0.0%
FTE	2.5	2.4	2.6	2.6	2.6	0.0%
Federal Funds	28,111	21,641	45,271	45,271	45,271	0.0%
FTE	0.4	0.4	0.5	0.5	0.5	0.0%
<b>(E) Contaminated Site Cleanups</b>						
Personal Services	4,000,234	5,139,525	5,041,863	5,054,778	5,039,512	
FTE	<u>38.4</u>	<u>36.5</u>	<u>43.4</u>	<u>43.4</u>	<u>43.4</u>	
Cash Funds	698,550	762,209	1,054,054	1,073,885	1,070,657	
FTE	9.4	8.8	13.0	13.0	13.0	
Cash Funds Exempt	0	0	34,900	35,890	35,711	NP DI
Federal Funds	3,301,684	4,377,316	3,952,909	3,945,003	3,933,144	
FTE	29.0	27.7	30.4	30.4	30.4	
Operating Expenses	<u>203,700</u>	<u>252,598</u>	<u>241,241</u>	<u>241,270</u>	<u>241,270</u>	
Cash Funds	41,451	45,991	48,082	48,082	48,082	
Cash Funds Exempt	0	0	1,100	1,129	1,129	NP DI
Federal Funds	162,249	206,607	192,059	192,059	192,059	
Contaminated Sites Operation & Maintenance	<u>978,783</u>	<u>936,238</u>	<u>2,088,864</u>	<u>2,088,864</u>	<u>2,088,864</u>	
Cash Funds	140,691	136,902	260,186	260,186	260,186	
Federal Funds	838,092	799,336	1,828,678	1,828,678	1,828,678	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
Transfer to the Department of Law for CERCLA Contract Oversight-Related Costs - CF	868,000	1,069,825	425,000	425,000	0	pending
Hours			6,271	6,271	6,271	Recommd. vs. Approp.
<b>SUBTOTAL - Contaminated Site Cleanups</b>	<b>6,050,717</b>	<b>7,398,186</b>	<b>7,796,968</b>	<b>7,809,912</b>	<b>7,369,646</b>	<b>-5.5%</b>
FTE	<u>38.4</u>	<u>36.5</u>	<u>43.4</u>	<u>43.4</u>	<u>43.4</u>	0.0%
Cash Funds	1,748,692	2,014,927	1,787,322	1,807,153	1,378,925	-29.6%
FTE	9.4	8.8	13.0	13.0	13.0	0.0%
Cash Funds Exempt	0	0	36,000	37,019	36,840.0	2.3%
Federal Funds	4,302,025	5,383,259	5,973,646	5,965,740	5,953,881	-0.3%
FTE	29.0	27.7	30.4	30.4	30.4	0.0%
<b>(F) Rocky Flats Agreement</b>						
Program Costs - FF	1,258,857	691,421	1,021,845	244,781	244,781	Base reduction
FTE	14.8	8.0	6.4	2.3	2.3	Base reduction
Legal Services - FF	24,628	25,780	27,108	9,409	0	pending
Hours		400	400	139	139	Base reduction
						Recommd. vs. Approp.
<b>SUBTOTAL - Rocky Flats Agreement - FF</b>	<b>1,283,485</b>	<b>717,201</b>	<b>1,048,953</b>	<b>254,190</b>	<b>244,781</b>	<b>-76.7%</b>
FTE	14.8	8.0	6.4	2.3	2.3	-178.3%
<b>(G) Radiation Management</b>						
Personal Services	1,744,418	2,313,230	1,662,405	1,768,781	1,762,863	
FTE	<u>19.8</u>	<u>19.4</u>	<u>20.5</u>	<u>21.5</u>	<u>21.5</u>	
Cash Funds	1,352,649	1,410,885	1,454,815	1,561,607	1,556,311	DI #9
FTE	17.2	17.1	18.2	19.2	19.2	DI #9
Cash Funds Exempt	0	0	23,770	23,722	23,651	
Federal Funds	391,769	902,345	183,820	183,452	182,901	
FTE	2.6	2.3	2.3	2.3	2.3	
Operating Expenses	<u>350,194</u>	<u>289,758</u>	<u>221,145</u>	<u>229,625</u>	<u>229,625</u>	
Cash Funds	62,142	63,309	63,659	72,139	72,139	DI #9
Federal Funds	288,052	226,449	157,486	157,486	157,486	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommd. vs. Approp.
SUBTOTAL - Radiation Management	2,094,612	2,602,988	1,883,550	1,998,406	1,992,488	5.8%
FTE	<u>19.8</u>	<u>19.4</u>	<u>20.5</u>	<u>21.5</u>	<u>21.5</u>	4.7%
Cash Funds	1,414,791	1,474,194	1,518,474	1,633,746	1,628,450	6.8%
FTE	17.2	17.1	18.2	19.2	19.2	5.2%
Cash Funds Exempt	0	0	23,770	23,722	23,651	-0.5%
Federal Funds	679,821	1,128,794	341,306	340,938	340,387	-0.3%
FTE	2.6	2.3	2.3	2.3	2.3	0.0%

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests Recommd. vs. Approp.
<b>SUBTOTAL - (7) HAZARDOUS MATERIALS</b>						
<b>WASTE MANAGEMENT DIVISION</b>	15,910,226	17,321,186	18,201,510	17,755,691	14,690,693	-23.9%
FTE	<u>124.4</u>	<u>117.7</u>	<u>127.5</u>	<u>124.4</u>	<u>124.4</u>	-2.5%
Cash Funds	6,507,193	6,990,245	7,492,672	7,678,153	5,934,349	-26.3%
FTE	53.3	56.3	64.4	65.4	65.4	1.5%
Cash Funds Exempt	264,388	205,774	372,289	378,410	320,226	-16.3%
FTE	2.9	2.4	2.6	2.6	2.6	0.0%
Federal Funds	9,138,645	10,125,167	10,336,549	9,699,128	8,436,118	-22.5%
FTE	68.2	59.0	60.5	56.4	56.4	-7.3%

### (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	1,908,786	1,911,376	2,036,228	2,075,913	1,914,192	
FTE	<u>27.6</u>	<u>24.6</u>	<u>27.8</u>	<u>27.9</u>	<u>26.3</u>	
General Fund	959,634	961,220	1,062,655	1,233,530	1,079,213	DI #4
FTE	14.1	13.0	15.9	17.9	15.9	
Cash Funds	590,838	587,093	626,034	492,157	485,806	Fee Change
FTE	8.8	7.5	7.5	5.6	6.0	Fee Change
Cash Funds Exempt	106,710	123,452	68,157	71,403	71,188	
FTE	1.1	1.0	2.0	2.0	2.0	
Federal Funds	251,604	239,611	279,382	278,823	277,985	
FTE	3.6	3.1	2.4	2.4	2.4	

	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2007-08</b>	<b>Change Requests</b>
	<b>Actual</b>	<b>Actual</b>	<b>Approp.</b>	<b>Request</b>	<b>Recommend</b>	
Operating Expenses	<u>113,704</u>	<u>135,307</u>	<u>109,470</u>	<u>174,342</u>	<u>109,271</u>	
General Fund	17,121	17,121	20,508	85,579	20,508	
Cash Funds	58,307	51,510	51,510	51,311	51,311	Fee Change
Cash Funds Exempt	6,164	8,900	8,900	8,900	8,900	
Federal Funds	32,112	57,776	28,552	28,552	28,552	
Capital Outlay	0	0	0	0	64,872	DI #4
Indirect Cost Assessment	<u>185,099</u>	<u>180,564</u>	<u>228,600</u>	<u>194,718</u>	<u>0</u>	pending
Cash Funds	138,892	132,327	140,333	109,451	0	
Cash Funds Exempt	0	0	11,457	10,457	0	
Federal Funds	46,207	48,237	76,810	74,810	0	
						Recommd. vs. Approp.
<b>TOTAL - (8) CONSUMER PROTECTION</b>						
<b>DIVISION</b>	2,207,589	2,227,247	2,374,298	2,444,973	2,088,335	-13.7%
FTE	<u>27.6</u>	<u>24.6</u>	<u>27.8</u>	<u>27.9</u>	<u>26.3</u>	-5.7%
General Fund	976,755	978,341	1,083,163	1,319,109	1,164,593	7.0%
FTE	14.1	13.0	15.9	17.9	15.9	0.0%
Cash Funds	788,037	770,930	817,877	652,919	537,117	-52.3%
FTE	8.8	7.5	7.5	5.6	6.0	-25.0%
Cash Funds Exempt	112,874	132,352	88,514	90,760	80,088	-10.5%
FTE	1.1	1.0	2.0	2.0	2.0	0.0%
Federal Funds	329,923	345,624	384,744	382,185	306,537	-25.5%
FTE	3.6	3.1	2.4	2.4	2.4	0.0%
						Recommd. vs. Approp.
<b>TOTAL - ENVIRONMENTAL DIVISIONS</b>						
<b>ENVIRONMENTAL DIVISIONS</b>	46,556,266	48,406,150	51,418,676	52,508,515	44,951,203	-14.4%
FTE	<u>410.0</u>	<u>401.5</u>	<u>440.0</u>	<u>450.4</u>	<u>448.8</u>	2.0%
General Fund	976,755	2,800,884	3,573,247	3,834,230	3,674,310	2.8%
FTE	14.1	35.3	47.2	49.2	47.2	0.0%
Cash Funds	18,802,711	17,242,392	18,990,855	20,215,006	16,486,722	-15.2%
FTE	178.1	160.7	174.7	184.8	185.2	5.7%
Cash Funds Exempt	5,815,487	5,963,640	6,232,932	6,532,703	5,556,671	-12.2%
FTE	55.0	54.5	56.3	58.7	58.7	4.1%
Federal Funds	20,961,313	22,399,234	22,621,642	21,926,576	19,233,500	-17.6%
FTE	162.8	151.1	161.8	157.7	157.7	-2.6%

**DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT  
ENVIRONMENTAL DIVISIONS ONLY  
FY 2007-08 FIGURE SETTING**

JBC WORKING DOCUMENT  
Staff Recommendation Does Not Represent Committee Decision

**(5) AIR POLLUTION CONTROL DIVISION**

<b>DI #6: WORKLOAD INCREASE BA #6A: WORKLOAD INCREASE RELATED TO NEW OIL &amp; GAS REGULATIONS</b>
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**Background: It's all about ozone.** Volatile organic compound (VOC) emissions contribute to the formation of harmful ground-level ozone. In December 2002, the state entered an ozone Early Action Compact (EAC) with the U.S. Environmental Protection Agency (EPA) which was developed to prevent a non-compliance designation with the federal ozone standard. Aside from the health and environmental impacts of exceeding ozone standards, a designation of non-compliance would result in the state having to plan how the region will get back into compliance, a potentially time-consuming and expensive process.

**Oil and gas development boom.** Oil and gas development, and its associated VOC emissions, has increased much more rapidly on the Front Range in the past few years than anticipated by the Air Pollution Control Division (APCD). Oil and gas drilling is a relatively new source of pollution in the state. At the time the EAC was being negotiated in 2002, the Air Quality Control Commission (AQCC) was just beginning to require well operations to obtain permits if emissions were expected to exceed minimum established levels. Since that time, the oil and gas development boom has resulted in the industry becoming the largest source of VOC emissions in the Front Range. Oil and gas emissions now comprise over 30 percent of total VOC emissions in the Denver-metro area. The table on the following page compares actual emissions from 2002 with projected emissions for 2007.

According to data from the Oil and Gas Conversation Commission, the state issued 4,363 drilling permits in 2005. Based on the data for the first seven months of 2006, it appeared that approximately 5,180 drilling permits could be issued in 2006 - an 18.7 percent increase.

## Front Range<sup>1</sup> Anthropogenic<sup>2</sup> VOC Emissions by Source

### 2002 Actual Emissions 2007 Estimated Emissions Based on Current Control Requirements

Source Category <sup>a</sup>	2002 VOC Emissions (tons/day) <sup>b</sup>	% of 2002 Total Emissions	2007 VOC Emission Est. (tons/day) <sup>b</sup>	% of 2007 Total Emissions	% Growth in Emissions Since 2002
Oil and Gas	146.8	26.3%	<i>157.7</i>	30.9%	7.4%
On-Road Mobile Sources	<b>170.8</b>	30.6%	<b>126.4</b>	24.8%	-26.0%
Area Sources	<b>158.6</b>	28.5%	<b>149.5</b>	29.3%	-5.7%
Off-Road Vehicles and Equipment	<b>30.0</b>	5.4%	<b>26.8</b>	5.3%	-10.7%
Stationary Sources	<b>51.2</b>	9.2%	<b>49.3</b>	9.7%	-3.7%
Total	<b>557.4</b>	100.0%	<b>509.7</b>	100.0%	

<sup>a</sup> AREA SOURCES include: lawn and garden sources; automotive aftermarket products; architectural coatings; household and personal products; adhesives and sealants; pesticide applications; and other area sources. OFF-ROAD VEHICLES AND EQUIPMENT include: construction equipment; recreational vehicles; and other off-road vehicles and equipment. STATIONARY SOURCES include: power plants; refineries; pharmaceutical production plants; gas stations; and other stationary sources.

<sup>b</sup> Unformatted emissions figures indicate that the sources' emissions were not required to be controlled at that time. **Bold emissions figures** indicate that the sources' emissions were somewhat controlled at that time. **Bold and italicized emission figures** indicate that the sources' emissions were controlled at that time.

**APCD Workload Increases.** As a result of this oil and gas boom, applications for permits for oil and gas related equipment (minor sources) rose from 400 in 2005 to 600 in 2006 - a 50.0 percent increase. As of August 2006, approximately 240 oil and gas permit action requests were backlogged.<sup>3</sup>

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<sup>1</sup> The nine counties included in the Front Range ozone area (per EPA) are: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, Larimer, and Weld.

<sup>2</sup> Anthropogenic means manmade. The Department estimates that the Front Range is also exposed to approximately 468.1 tons of biogenic (naturally occurring) VOCs each year. Since these emissions come from natural sources, no emission controls are possible.

<sup>3</sup> A backlog means the Division is beyond the required 18 month issuance deadlines for new, renewal, and significant modification permits, and the 90 day deadline for minor modification permits.

The Division has a ratio of 58 major sources per engineer. The Division recently surveyed other states and found that of the 22 respondents, only one had greater than 40 major sources per engineer; at least one state had only ten per engineer. The result of this caseload is a major source permitting backlog of 49 sources - approximately 25 percent of all major sources. This backlog can cause competitive and financial hardships for sources because construction of new and significantly modified facilities cannot begin until the construction permit is issued by the Division.

### **DI #6: WORKLOAD INCREASE**

Decision Item #6 seeks \$254,672 cash funds<sup>4</sup> and 3.0 FTE to address the Division's workload increases resulting from the recent oil and gas boom. The FTE would be utilized as follows:

- 1.0 FTE for major source permitting (which may include some oil and gas sources). The addition of this FTE will lower the ratio of major sources per engineer from 58:1 to 45:1.
- 1.0 FTE for oil and gas permitting. This FTE will work on more complex, non-major source permits.
- 1.0 FTE for oil and gas inspections. This FTE will conduct inspections and compliance audits throughout the state.

**Staff recommends approving the requested 3.0 FTE and funding of \$252,135.** This appropriation is needed by the Department to keep up with a growing workload, as described above. The recommendation is slightly less than the request because it does not include Amortization Equalization Disbursement, or AED (staff omitted AED funding to be consistent with Legislative Council Staff's fiscal note policy). Issues surrounding funding are discussed below, and the details of the recommendation are provided on page 26.

#### **Funding Issues.**

- ***Request for Competitive Salaries.*** The growth of the oil and gas industry has created significant challenges with regard to hiring and retaining permitting and inspection staff. The oil and gas industry has a significant need for engineers another compliance staff with knowledge of the oil and gas business, which is constraining the Division's abilities to hire and/or retain people with this expertise. Permit engineers and inspectors at the Division often learn these skills while writing oil and gas permits or inspecting oil and gas sources (training activities occupy approximately nine months of a new FTE's time in the first year, and six month's in the second year), only to be drawn to the industry for higher salaries. Over the last three years, the Division has lost 30 percent of its minor source permitting and inspection staff, many to the oil and gas industry.

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<sup>4</sup> The request shown above does not include the Department's estimated indirect costs increase of \$52,717. Staff omitted indirect costs assessments since they will not be calculated until after figure-setting is complete.



The Division has requested, and *staff recommends, that the permitting and inspection staff in these requests be funded at a higher salary (25 percent over the minimum)* so that the Division can effectively compete for people with these skills. This request applies to the 3.0 FTE requested in the decision item and two of the 4.0 FTE requested in the budget amendment described below. In the funding table on page 26, in addition to staff's recommendation, staff included the total of funding all 7.0 FTE at base costs.

- **Cash Funding.** The Stationary Sources Control Fund (the requested and recommended source of funding for this decision item and budget amendment) has an adequate revenue stream and cash reserves to fund this request for the next few years. Currently the Division is not charging fees at the level allowed in statute, as in order to come into compliance with 16.5 percent fund balance limit, emission fees were lowered four years ago. The Division plans to increase fees this year to the statutory maximum to boost revenues. However, **in a few years, the Division will need either a statutory fee increase or General Fund support to maintain its appropriation.**
- **General Fund and the Six Percent Limit.** An argument could be made that General Fund support is appropriate for this Division, particularly for modeling, assessments, outreach, and monitoring. These activities generally are geared towards protecting public health and welfare and are not based on direct regulatory activities (which are typically funded with fees). There is a possibility that such funding could at least in part be considered exempt from the six percent spending limit because of the Division's efforts to respond to federal mandates. However, Legislative Legal Services would require more time and information to analyze the situation before it could make such a determination.

#### **BA #6A: WORKLOAD INCREASE DUE TO NEW OIL & GAS REGULATIONS**

**Stricter control requirements for oil and gas.** Under the Ozone Early Action Compact (EAC), the EPA was scheduled to make a determination regarding the Front Range's compliance with the federal ozone standard in July 2007. However, due to the unexpected growth in the oil and gas sector and the associated increase in VOC emissions, the Division realized that stricter control requirements for the industry would be needed by this summer in order to stay in compliance. Therefore, in December 2006, the Air Quality Control Commission (AQCC) adopted new regulations which include:

- a. For the Front Range EAC area, increased emission control requirements for oil and gas condensate tanks that emit VOCs - from a 47.5 percent to a 75.0 percent reduction in uncontrolled emissions - beginning May 1, 2007. Additional recordkeeping, monitoring, and reporting requirements were added as well.

- b. For the remainder of the state, the AQCC adopted new controls for condensate tanks and other oil and gas equipment as an initial step to manage emissions.
- c. The AQCC also directed the Division to continually assess the impact of oil and gas development on air quality statewide, and to annually report its findings to the AQCC. If air quality issues warrant additional emissions control strategies, the Division is to make proposals to the AQCC.

In response to the adoption of more stringent regulations for the oil and gas sector in the Front Range, the EPA agreed to wait until April 2008 to make an ozone compliance determination, giving it adequate time to analyze all the data from Summer 2007.

**Resource Plan.** In response to the new directives from the AQCC, the Division developed a two-year plan to address its resource needs. The details of the plan are summarized in the table below. The "Total - Cash Fund" row includes new funding each year, not the on-going costs of previously approved FTE, contracts, or other resources. Included in the table are oil and gas-related resources received in prior to outset of the two-year plan, and the resources sought through decision item #6 (described above) and budget amendment #6a (described below).

### **Three Year Resource Plan for the Air Pollution Control Division**

	<b>FY 2005-06 Supplemental<sup>a</sup></b>	<b>FY 2007-08 Requested</b>	<b>FY 2008-09 Estimated Request</b>	<b>Total</b>
<b>Total - Cash Fund</b>	\$151,000	\$1,093,687	\$294,481	<b>\$1,539,168</b>
<b>Total minus one-time capital costs</b>	0	617,759	285,466	
<b>Total FTE</b>	2.8	7.0	3.0	<b>12.8</b>

<sup>a</sup> The supplemental provided an appropriation of \$56,906 and 0.7 FTE for only part of the fiscal year. The table shows the total costs as annualized in the FY 06-07 Long Bill.

## BA #6A: WORKLOAD INCREASE DUE TO NEW OIL & GAS REGULATIONS

Budget Amendment #6a seeks \$786,298 cash funds and 4.0 FTE for workload associated with new oil and gas regulations approved in December 2006. The resources requested include:

- **1.0 FTE for Oil and Gas Permitting.** This FTE would process permit actions, help the regulated community understand permit requirements, and assist with enforcement actions.
- **1.0 FTE for Modeling.** This FTE would assist with pre-construction permitting and evaluating the air quality impacts based on post-construction emissions and ambient air quality monitoring. As the number of oil and gas permits increase, the density of facilities increases which will necessitate more complex and refined air quality impact evaluations to assure that the proposed oil and gas facilities do not threaten the national air quality standards.
- **1.0 FTE for Monitoring.** This FTE would provide additional support to the Western Slope and other areas in the state. Many communities are requesting additional monitoring in their area to ensure that air quality is not being degraded by the new facilities. Ozone monitoring will continue to be conducted with fixed continuous monitors; short-term portable monitoring may also be utilized to address citizen concerns or complaints.
- **1.0 FTE for Outreach and Project Management.** This FTE will: coordinate the review of numerous environmental assessments; develop necessary regulations and mitigation options; work with other agencies (federal, state, and local) to coordinate efforts and activities; perform outreach and assistance to the regulated industry; assist with development permitting and compliance innovations; tract program implementation; coordinate annual assessments of the air quality impacts of the oil and gas industry for the AQCC; and respond to requests for information.
- **\$251,063 for Contract Costs.** This funding will be used to contract with local agencies to screen and monitor ozone and VOCs, and provide laboratory services.
- **\$163,420 for Capital Outlay.** Approximately \$12,000 of this amount is for capital outlay costs associated with the new FTE (furniture and new computers). The remainder is for monitoring equipment, including monitoring instruments, calibration units, and data acquisition modules to establish three ozone monitoring stations. It also includes funding for a portable VOC monitoring instrument.

**Recommendation.** Staff recommends approving the requested 4.0 FTE and funding of \$717,003. This appropriation is necessary for implementing the new oil and gas-related regulations approved by the AQCC in December. If the stricter emissions requirements are not adequately implemented, there is little chance of the Front Range remaining in compliance with the national air quality standard for ozone.<sup>5</sup> The recommended funding, by line item, is shown in the table on the following page.

Additionally, because the Division is seeking a substantial increase in resources over several years, staff recommends asking the Department to provide an update on how the Division is using the additional resources and the Division's current and anticipated workload and resources needs. This information would be useful to the Legislature and staff in assessing the Division's resource needs and evaluating its requests for additional resources. **Staff recommends the addition of the following footnote:**

**N DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, AIR POLLUTION CONTROL DIVISION --** THE DEPARTMENT IS REQUESTED TO SUBMIT A REPORT ON THE AIR POLLUTION CONTROL DIVISION. THIS REPORT IS REQUESTED TO INCLUDE A SUMMARY OF THE DIVISION'S CURRENT AND ANTICIPATED WORKLOAD AND RESOURCES NEEDS. THIS SUMMARY SHOULD INCLUDE: THE IMPACT OF EXISTING AND PROPOSED FEDERAL AND STATE PROGRAM REQUIREMENTS; THE IMPACT OF ADDITIONAL RESOURCES RECEIVED AND/OR REQUESTED; AND ADDITIONAL FUNDING AND STAFFING NEEDS FOR BOTH THE UPCOMING FISCAL YEAR AND OUT-YEARS. THE DEPARTMENT IS REQUESTED TO SUBMIT THIS REPORT TO THE JOINT BUDGET COMMITTEE WITH ITS BUDGET REQUEST.

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<sup>5</sup> It should be noted that even with full compliance of the new VOC emission standards by the oil and gas industry, the Front Range may still exceed ozone standards during the Summer of 2007 (which may result in a non-compliance designation by the EPA). Ozone formation is triggered by heat in sunlight, and thus is significantly influenced by the weather.

**Funding Breakdown for DI #6: Workload Increase and  
BA #6a: Workload Increase due to New Oil & Gas Regulations**

Line Item		Requests & Recommendations <sup>a</sup> (with Competitive Salaries)	7.0 FTE with Minimum Base Salaries
<b>DI/BA</b>	<b>TOTAL</b>	<b>Total - CF</b>	<b>969,138</b>
		<b>FTE</b>	<b>7.0</b>
<b>DI #6</b>	<b>Workload Increase</b>	<b>Sub-total</b>	<b>252,135</b>
		<b>FTE</b>	<b>3.0</b>
	APCD, Administration, Capital Outlay <sup>b</sup>	Total	9,615
	APCD, Stationary Sources, Permitting & Compliance, PS	Total FTE	235,980 3.0
	APCD, Stationary Sources, Permitting & Compliance, OE	Total	6,540
<b>BA #6a</b>	<b>Workload Increase Due to New Oil &amp; Gas Regs.</b>	<b>Sub-total</b>	<b>717,003</b>
		<b>FTE</b>	<b>4.0</b>
	ASD, Vehicle Lease	Total	3,480
	ASD, Administration, Utilities	Total	4,650
	APCD, Administration, Capital Outlay <sup>b</sup>	Total	164,260
	APCD, Stationary Sources, Permitting & Compliance, PS	Total FTE	285,290 4.0
	APCD, Stationary Sources, Permitting & Compliance, OE	Total	8,260
	APCD, Stationary Sources, Permitting & Compliance, Local Contracts	Total	251,063

<sup>a</sup>The requests submitted by the Department vary slightly from the recommendations because the requests include funding for AED but the recommendations do not to be consistent with Legislative Council Staff fiscal note policy. Additionally, neither the requests nor recommendations shown here includes departmental or division indirect cost assessments, as they will be determined after figure-setting. For the recommended appropriation, indirects would be approximately \$52,192 for the decision item and \$70,140 for the budget amendment.

<sup>b</sup>The recommendation includes funding of \$1,184 per FTE for computers instead of the Legislative Council Staff fiscal note policy of \$984 because these FTE need specialty software.

**(A) Administration**

This section provides administrative support to the Air Quality Control Commission (AQCC) and manages the operations of the Division and the implementation of air programs.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	0.8	0.8	0.8	0.8
Management	2.0	2.0	2.0	2.0
Program Assistant	1.6	1.5	1.5	1.5
Staff / General Professionals	0.1	0.2	0.2	0.2
<b>TOTAL</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>

**Personal Services**

The request is for an appropriation of \$347,802 and a continuation of 4.5 FTE. **Staff recommends an appropriation of \$346,758 and 4.5 FTE.** The recommended funding breakdown is \$125,254 cash funds, \$131,095 cash funds exempt, and \$90,409 federal funds. This recommendation was calculated in accordance with Committee policy and is summarized below. The source of cash funds is the Stationary Sources Control Fund, and the source of cash funds exempt is the Automobile Inspection and Readjustment (AIR) Account of the Highway Users Tax Fund.

<b>Summary of APCD, Administration Personal Services Recommendation</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>TOTAL</b>	<b>FTE</b>
2005 Long Bill Approp.	\$0	\$121,628	\$129,102	\$90,863	\$341,593	4.5
FY 05-06 Salary Survey	\$0	\$4,255	\$2,652	\$0	\$6,907	0.0
0.5 % Base Reduction	\$0	(\$629)	(\$659)	(\$454)	(\$1,742)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$125,254</b>	<b>\$131,095</b>	<b>\$90,409</b>	<b>\$346,758</b>	<b>4.5</b>

**Operating Expenses**

**Staff recommends the requested continuing appropriation of \$9,187 federal funds.**

**Capital Outlay**

**Staff recommends an appropriation of \$173,875 cash funds.** The total includes \$9,615 for Decision Item #6 (APCD Workload Increase) and \$164,260 for budget amendment #6a (APCD Workload Increase due to New Oil and Gas Regulations). The costs associated with DI #6 are for computers and furniture for the new FTE. The costs associated with BA #6a include computers and

furniture for the new FTE, and air quality monitoring equipment; see page 19). The source of cash funds is the Stationary Sources Cash Fund. The Department did not have a request for this line item because it included capital costs with the Operating Expenses portion of the requests.

**Indirect Cost Assessment**

**Pending.** Once Committee action on all line items is final, staff will work with the Department to obtain the final indirect cost assessments.

**(5) Air Pollution Control Division**

**(B) Technical Services**

The Technical Services Section contains three programs: Air Quality Monitoring; Modeling and Analysis; and Visibility and Risk Assessment.

**(1) Air Quality Monitoring**

The monitoring program measures air quality along the Front Range. The state must meet federal monitoring regulations for data to be considered acceptable for use in State Implementation Plans (SIPs), area redesignations, permit compliance, and other activities.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	1.4	1.5	1.5	1.5
Electronics Specialists	2.8	3.0	3.0	3.0
Engineers	2.1	2.0	2.0	2.0
Envir. Protection Specialist	3.8	4.0	4.0	4.0
Information Systems Staff	0.6	0.9	0.9	0.9
Management	0.9	1.0	1.0	1.0
Physical Scientists	3.1	3.6	3.6	3.6
Staff / General Professionals	2.4	2.6	2.6	2.6
<b>TOTAL</b>	17.1	18.6	18.6	18.6

**Personal Services**

The request is for an appropriation of \$1,384,037 and a continuation of 18.6 FTE. **Staff recommends an appropriation of \$1,379,876 and 18.6 FTE.** The recommended funding

breakdown is \$60,075 cash funds, \$1,012,047 cash funds exempt, and \$307,754 federal funds. The recommendation was calculated in accordance with JBC common policies and is summarized below. The source of cash funds is the Stationary Sources Control Fund, and the source of cash funds exempt is the AIR Account.

<b>Summary of APCD, Technical Services, Air Quality Monitoring Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$60,074	\$999,600	\$309,301	\$1,368,975	18.6
FY 06-07 Salary Survey	\$0	\$303	\$17,533	\$0	\$17,836	0.0
0.5 % Base Reduction	\$0	(\$302)	(\$5,086)	(\$1,547)	(\$6,935)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$60,075</b>	<b>\$1,012,047</b>	<b>\$307,754</b>	<b>\$1,379,876</b>	<b>18.6</b>

**Operating Expenses**

**Staff recommends the requested continuing appropriation of \$112,815**, comprised of \$96,458 cash funds exempt and \$16,357 federal funds. The source of cash funds exempt is the AIR Account.

**Local Contracts**

The Department uses this line item to contract with local health agencies to collect air quality data. **Staff recommends the requested continuing appropriation of \$254,674**, comprised of \$84,270 cash funds, \$92,034 cash funds exempt, and \$78,370 federal funds. The source of cash funds is the Stationary Sources Control Fund, and the source of cash funds exempt is the AIR Account.

**(5) Air Pollution Control Division**

**(B) Technical Services; (2) Modeling and Analysis**

This program is responsible for providing technical support for the State Implementation Plan (SIP) and the state's stationary source permitting program. The program is responsible for emission inventory development and air quality modeling that serves as the basis for evaluating the effectiveness of various control strategies and demonstrating that strategies adopted by the state will be sufficient to attain the National Ambient Air Quality Standards.



<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	0.7	0.7	0.7	0.7
Electronics Specialists	0.1	0.2	0.2	0.2
Engineers	1.8	2.1	2.1	2.1
Environ. Protection Specialists	2.4	2.4	2.4	2.4
Information Systems Staff	0.6	1.2	1.2	1.2
Management	0.2	0.2	0.2	0.2
Physical Scientists	2.9	3.3	3.3	3.3
Staff / General Professional	0.6	1.0	1.0	1.0
<b>TOTAL</b>	<b>9.3</b>	<b>11.1</b>	<b>11.1</b>	<b>11.1</b>

### **Personal Services**

The request is for an appropriation of \$846,809 and a continuation of 11.1 FTE. **Staff recommends an appropriation of \$845,095 and a continuation of 11.1 FTE.** The recommended funding mix is \$83,786 cash funds, \$190,608 cash funds exempt, and \$570,701 federal funds. This recommendation was calculated in accordance with Committee policy and is summarized below. The source of cash funds is the Stationary Sources Control Fund, and the source of cash funds exempt is the AIR Account.

<b>Summary of APCD, Technical Services, Modeling &amp; Analysis Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$81,970	\$188,016	\$573,569	\$843,555	11.1
FY 06-07 Salary Survey	\$0	\$1,981	\$2,970	\$0	\$4,951	0.0
0.5 % Base Reduction	\$0	(\$165)	(\$378)	(\$2,868)	(\$3,411)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$83,786</b>	<b>\$190,608</b>	<b>\$570,701</b>	<b>\$845,095</b>	<b>11.1</b>

### **Operating Expenses**

**Staff recommends the requested continuing appropriation of \$248,370,** comprised of \$15,005 cash funds, \$124,295 cash funds exempt, and \$109,070 federal funds. The source of cash funds is the Stationary Sources Control Fund, and the source of cash funds exempt is the AIR Account.

**(5) Air Pollution Control Division**

**(B) Technical Services; (3) Visibility and Risk Assessment**

This section is responsible for two programs, the Class I Area Program (national parks and wilderness areas) and the urban visibility program.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	0.1	0.1	0.1	0.1
Environ. Protection Specialists	2.0	2.1	2.1	2.1
Physical Scientists	2.5	2.6	2.6	2.6
Program Assistant	0.0	0.1	0.1	0.1
Staff / General Professional	0.3	0.5	0.5	0.5
<b>TOTAL</b>	<b>4.9</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>

**Personal Services**

The request is for an appropriation of \$447,265 and a continuation of 5.4 FTE. **Staff recommends an appropriation of \$446,159 and a continuation of 5.4 FTE.** The recommended fund mix is \$260,884 cash funds, \$79,076 cash funds exempt, and \$106,199 federal funds. This recommendation was calculated in accordance with Committee policy and is summarized below. The source of cash funds is the Stationary Sources Control Fund, and the source of cash funds exempt is the AIR Account.

<b>Summary of APCD, Technical Services, Visibility &amp; Risk Assessment Personal Services Recommendation</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>TOTAL</b>	<b>FTE</b>
2006 Long Bill Approp.	\$0	\$255,288	\$77,517	\$106,733	\$439,538	5.4
FY 06-07 Salary Survey	\$0	\$6,907	\$1,715	\$0	\$8,622	0.0
0.5 % Base Reduction	\$0	(\$1,311)	(\$156)	(\$534)	(\$2,001)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$260,884</b>	<b>\$79,076</b>	<b>\$106,199</b>	<b>\$446,159</b>	<b>5.4</b>

**Operating Expenses**

**Staff recommends the requested continuing appropriation of \$39,142 federal funds.** The source of federal funds is the EPA Performance Partnership Grant.

## **(5) Air Pollution Control Division**

### **(C) Mobile Sources**

The Mobile Sources subdivision contains two programs: Research and Support, and Inspection and Maintenance.

#### **(1) Research and Support**

This section is responsible for three programs: the High Altitude Testing Program, the Oxygenated Fuel Program, and the Clean Fuel Fleet Program. The High Altitude Testing Program provides data to develop vehicle emissions factors that accurately represent Denver's vehicle population and emissions. The Oxygenated Fuels program is required under the federal 1990 Clean Air Act Amendments; its purpose is to reduce wintertime carbon monoxide emissions from automobiles through the use of cleaner burning gasoline. The Clean Fuel Program is designed to reduce motor vehicle emissions through the introduction of cleaner burning engines and fuels into the marketplace.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	2.4	2.5	2.5	2.5
Air Environmental Specialist	2.3	2.5	2.5	2.5
Environ. Protection Specialists	6.9	7.3	7.3	7.3
Information Systems Staff	0.3	0.3	0.3	0.3
Management	1.1	1.0	1.0	1.0
Physical Scientists	4.2	3.7	3.7	3.7
Program Assistant	0.8	0.8	0.8	0.8
Staff / General Professional	1.6	1.9	1.9	1.9
<b>TOTAL</b>	<b>19.6</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>

#### **Personal Services**

The request is for an appropriation of \$1,559,756 and a continuation of 20.0 FTE. **Staff recommends an appropriation of \$1,555,067 and 20.0 FTE.** The recommended fund mix is \$1,356,103 cash funds exempt and \$198,964 federal funds. The recommendation was calculated in accordance with Committee policy and is summarized below. The source of cash funds exempt is the AIR account.

<b>Summary of APCD, Mobile Sources, Research &amp; Support Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$0	\$1,346,505	\$199,964	\$1,546,469	20.0
FY 06-07 Salary Survey	\$0	\$0	\$16,413	\$0	\$16,413	0.0
0.5 % Base Reduction	\$0	\$0	(\$6,815)	(\$1,000)	(\$7,815)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,356,103</b>	<b>\$198,964</b>	<b>\$1,555,067</b>	<b>20.0</b>

**Operating Expenses**

Staff recommends the requested continuing appropriation of \$306,377 comprised of \$288,127 cash funds exempt and \$18,250 federal funds. The source of cash funds exempt is the AIR account.

**(5) Air Pollution Control Division**

**(C) Mobile Sources; (2) Inspection and Maintenance**

The purpose of the Vehicle Inspection and Maintenance Program is to reduce motor vehicle-related pollution through the inspection and emissions-related repair of motor vehicles. Emissions testing of gas and diesel powered vehicles is required when registering, renewing registrations, or selling vehicles within the program areas in nine counties along Colorado's Front Range.

<b>Staffing Summary</b>	<b>FY 05-06 Actual</b>	<b>FY 06-07 Approp</b>	<b>FY 07-08 Request</b>	<b>FY 07-08 Recomm.</b>
Administrative Support Staff	0.8	1.0	1.0	1.0
Air Environmental Specialist	3.6	3.8	3.8	3.8
Environ. Protection Specialists	2.5	2.6	2.6	2.6
Information Systems Staff	0.3	0.3	0.3	0.3
Management	0.0	0.1	0.1	0.1
Physical Scientist	0.6	0.5	0.5	0.5
Program Assistant	0.5	0.5	0.5	0.5
Staff / General Professionals	1.0	1.0	1.0	1.0
Elimination of Basic Inspection & Mnt Program		-0.2	-0.8	-0.8
<b>TOTAL</b>	<b>9.3</b>	<b>9.6</b>	<b>9.0</b>	<b>9.0</b>

**Personal Services**

The request is for \$677,577 and 9.0 FTE. **Staff recommends an appropriation of \$675,664 cash funds exempt and 9.0 FTE.** The recommendation includes reductions of \$45,542 and 0.6 FTE to annualize a FY 2006-07 supplemental. The supplemental adjusted the appropriation due to the mid-year elimination of the Basic Inspection and Maintenance Program in Colorado Springs, Greeley, and Fort Collins. The source of cash funds exempt is the AIR account.

<b>Summary of APCD, Mobile Sources, Inspection &amp; Maintenance Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$0	\$725,755	\$0	\$725,755	9.8
FY 06-07 Salary Survey	\$0	\$0	\$14,026	\$0	\$14,026	0.0
FY 06-07 Supplemental	\$0	\$0	(\$15,180)	\$0	(\$15,180)	(0.2)
Annualize FY 06-07 Supp.	\$0	\$0	(\$45,542)	\$0	(\$45,542)	(0.6)
0.5% Base Reduction	\$0	\$0	(\$3,395)	\$0	(\$3,395)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$0</b>	<b>\$675,664</b>	<b>\$0</b>	<b>\$675,664</b>	<b>9.0</b>

**Operating Expenses**

**Staff recommends the requested appropriation of \$18,996 cash funds exempt.** The recommendation includes a reduction of \$8,188 to annualize a FY 2006-07 supplemental. The supplemental adjusted the appropriation due to the mid-year elimination of the Basic Inspection and Maintenance Program in Colorado Springs, Greeley, and Fort Collins. The source of cash funds exempt is the AIR account.

**Diesel Inspection/Maintenance Program**

This line provides for all aspects of the diesel program, including inspector certification and training, data collection, fleet self-certification, and technical assistance. Diesel self-certification is a program available to commercial operations with diesel fleets of nine or more vehicles.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Air Environmental Specialist	2.0	2.0	2.0	2.0
Environ. Protection Specialists	3.0	3.5	3.5	3.5
Management	0.1	0.0	0.0	0.0
Physical Scientist	0.8	0.7	0.7	0.7
Staff / General Professional	0.4	0.4	0.4	0.4
<b>TOTAL</b>	<b>6.3</b>	<b>6.6</b>	<b>6.6</b>	<b>6.6</b>

The request was for an appropriation of \$640,225 and a continuation of 6.6 FTE. **Staff recommends an appropriation of \$638,318 and 6.6 FTE.** The recommended fund mix is \$174,277 cash funds and \$464,041 cash funds exempt. The source of cash funds is fees paid to the Department, and the source of cash funds exempt is the AIR Account.

<b>Summary of APCD, Mobile Sources, Inspection &amp; Maintenance, Diesel Inspection/Maintenance Program Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$175,153	\$462,731	\$0	\$637,884	6.6
FY 06-07 Salary Survey	\$0	\$0	\$3,624	\$0	\$3,624	0.0
0.5 % Base Reduction	\$0	(\$876)	(\$2,314)	\$0	(\$3,190)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$174,277</b>	<b>\$464,041</b>	<b>\$0</b>	<b>\$638,318</b>	<b>6.6</b>

**NEW LINE ITEM: CLEAN SCREEN AND HIGH EMITTER PROGRAMS**

**House Bill 06-1302.** This bill, Concerning Auto Emissions Testing (Stengel/Gordon), requires the Department of Public Health and Environment to work with Colorado's emissions program contractor (EnviroTest) to develop a "high emitter program" that is acceptable to the federal Environmental Protection Agency (EPA). Additionally, the bill requires an increase in clean screen testing as outlined in a plan developed by the DPHE and the contractor and approved by the Air Quality Control Commission (AQCC).<sup>6</sup>

The Department is required to:

- Test, analyze, and certify new remote sensing vehicles;
- Document and report the elimination of test lanes at emissions centers;
- Meet the bill's deadlines required by securing contracted services for program analysis, data comparison, and developing pollution credits for the EPA; and
- Work with the contractor to develop a high emitter program.

**House Bill 06-1302 Appropriations.** Section 42-4-307 (14) of the bill effectively sets a limit of \$350,000 cash funds to implement H.B.06-1302. For FY 2006-07, the bill required EnviroTest to pay \$350,000 from its high-emitter account to the Clean Screen Fund. The bill also allowed the Clean Screen Authority<sup>7</sup> to contract with the DPHE to expend moneys from the Clean Screen Fund.

Based on the Legislative Council Staff Revised Fiscal Note, the bill provided the Department with a FY 2006-07 appropriation of \$250,000 and 1.5 FTE.<sup>8</sup> Total costs included \$90,000 for 1.5 FTE with \$160,000 for contracted services. The \$90,000 and 1.5 FTE will test and certify remote sensing devices and coordinate the closing of enhanced emissions inspection lanes or stations. The contract services are expected to provide specific expertise in projecting the benefits of the proposed changes

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<sup>6</sup> The bill also specifies December 31, 2010 as the termination of the state's current vehicle emissions testing program (Section 42-4-301 to 42-4-316, C.R.S.), and requires the DPHE to annually brief the Transportation Legislation Review Committee on the cost and effectiveness of the high emitter program.

<sup>7</sup> The Clean Screen Authority is an enterprise charged with receiving and disbursing monies collected as part of the Clean Screen Program. The Authority acts as the liaison between the county clerks that collect the vehicle registration fees as part of the Clean Screen Program and the state contractor (EnviroTest) which provides the clean screen remote sensing services. See Section 42-4-307.5, C.R.S., for more information.

<sup>8</sup> The Legislative Council Staff Revised Fiscal Note indicated that the appropriations associated with this bill would be cash funds exempt because they would come from the Clean Screen Fund. Section 42-3-304 (19)(a)(II), C.R.S. specifies that this fund is a pass-through trust account and therefore is exempt from the TABOR requirements. However, the State Controller's Office is booking these appropriations as cash funds because they does not meet the criteria for exemption from the six percent limit that are specified in Section 20 (2)(e) of the State Constitution.

in the transition from the current emissions program to the new high-emitter program and justify it to the EPA.

**FY 2007-08 Impact of House Bill 06-1302.** It was assumed that the preponderance of costs would occur in FY 2006-07, although the fiscal note pointed out that some costs may occur through FY 2007-08. It noted that FY 2007-08 costs, if any, would be addressed through the annual budget process.

The Department is requesting an appropriation of \$190,000 cash funds and a continuation of 1.5 FTE for FY 2007-08. The request includes \$100,000 due to delays in initiating implementation of the bill, and an additional \$90,000 that was built into the original estimate of costs. ***Staff recommends funding the requested appropriation of \$190,000 cash funds from the Clean Screen Fund, and a continuation of 1.5 FTE*** to allow the Department to continue implementing H.B. 06-1302.

**Out-year Impacts of House Bill 06-1302.** It should be noted that despite provisions in H.B. 06-1302 that limit funding through FY 2007-08, the bill will continue to drive work in subsequent fiscal years. The legislation established December 31, 2010 as the date for the termination of the inspection and maintenance program, "...if the action does not violate Federal Air Quality Standards." This task alone entails considerable work – operational, logistic, contractual, fiscal, regulatory, as well as State Implementation Plan tasks to comply with Federal Clean Air Act requirements.

As detailed in the H.B. 06-1302 Plan (approved by the Air Quality Control Commission on December 14, 2006), the high emitter identification and mandatory repair aspects of the legislation will just be transitioning from a pilot-scale program and coming up to full speed toward the end of FY 2007-08. Following this transition, the Pay-Upon-Registration provisions of the legislation will begin late to mid FY 2008-09. The legislation and the Plan anticipate the advent of new technologies that may be incorporated into the program in the future. Program effectiveness efforts, data analyses and reporting requirements continue for the life of the program.

It is possible that the FTE appropriated prior to H.B. 06-1302 will be able to manage this work. However, the Department will need to assess the future need for H.B. 06-1302 FTE once the initial implementation work is completed in FY 2007-08, and if workload dictates, ask to continue the H.B. 06-1302 FTE using the AIR account or another source of cash funding.

#### **Clean Screen and High Emitter Programs**

As discussed above, **staff recommends the requested appropriation of \$190,000 cash funds from the Clean Screen Fund, and a continuation of 1.5 FTE**, to continue implementation of H.B. 06-1302.

#### **Mechanic Certification Program**

This line item funds the development of course curricula and training materials, and includes the training and certification of instructors. The FTE for this line item is a staff professional who



provides informational seminars for repair technicians and who conducts outreach to the automobile repair industry and the industry advisory committee.

**Staff recommends the requested continuing appropriation of \$7,000 cash funds and 0.1 FTE.** Staff did not apply the 0.5 percent base reduction since the program is small. If applied, the reduction would equal \$35 cash funds. The source of cash funds is tuition for the program.

### **Local Grants**

This line supports the development and implementation of the inspection and maintenance program in the form of grants to local governments to conduct research on issues pertaining to air quality attainment strategies. **Staff recommends the requested continuing appropriation of \$45,299 cash funds exempt.** The source of cash funds exempt is the AIR Account.

## **(5) Air Pollution Control Division**

### **(D) Stationary Sources**

This section is responsible for controlling and reducing air pollutants from stationary sources (i.e., factories, power plants, wood stoves, and housed commercial swine feeding operations). Staff permit, monitor, and inspect stationary source air pollution emitters. Data collected through this program is analyzed to determine compliance with state implementation plans. The Stationary Sources subdivision contains four programs: Inventory and Support Services, Permits and Compliance Assurance, Hazardous and Toxic Control, and the Housed Commercial Swine Feeding Operation Program.

#### **(1) Inventory and Support Services**

This program is responsible for developing an inventory of pollution emissions from stationary sources. It is responsible for regulation development and maintenance, small business assistance and permit fee invoicing.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	1.5	2.0	2.0	2.0
Engineer	2.4	2.3	2.3	2.3
Environ. Protection Specialists	9.3	9.6	9.6	9.6
Information Systems Staff	1.2	1.7	1.7	1.7
Management	0.6	0.5	0.5	0.5
Physical Scientist & PS Techs.	1.8	4.2	4.2	4.2
Staff / General Professionals	2.8	2.8	2.8	2.8
<b>TOTAL</b>	<b>19.6</b>	<b>23.1</b>	<b>23.1</b>	<b>23.1</b>

### **Personal Services**

The request is for an appropriation of \$1,685,921 and 23.1 FTE. **Staff recommends an appropriation of \$1,680,854 and 23.1 FTE.** The recommended fund mix is \$1,098,933 cash funds and \$581,921 federal funds. The recommendation was calculated in compliance with Committee policy. The source of cash funds is the Stationary Sources Control Fund.

<b>Summary of APCD, Stationary Sources, Inventory &amp; Support Services Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$1,083,907	\$0	\$584,845	\$1,668,752	23.1
FY 06-07 Salary Survey	\$0	\$20,548	\$0	\$0	\$20,548	0.0
0.5 % Base Reduction	\$0	(\$5,522)	\$0	(\$2,924)	(\$8,446)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$1,098,933</b>	<b>\$0</b>	<b>\$581,921</b>	<b>\$1,680,854</b>	<b>23.1</b>

### **Operating Expenses**

**Staff recommends the requested continuing appropriation of \$258,661 cash funds.** The source of cash funds is the Stationary Sources Control Fund.

**(5) Air Pollution Control Division**

**(D) Stationary Sources; (2) Permits and Compliance Assurance**

This section is responsible for:

- Informing industry, through the permitting process, of which regulations apply to them;
- Helping small businesses understand complex rules; and
- Encouraging compliance with air quality regulations by conducting periodic inspections of air pollutant sources.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	2.7	2.8	2.8	2.8
Environ. Protection Specialist	16.8	18.0	23.0	23.0
Engineer	10.5	12.2	13.2	13.2
Information Systems Staff	0.8	0.8	0.8	0.8
Management	0.3	0.3	0.3	0.3
Physical Scientists	0.6	0.6	1.6	1.6
Program Assistant	0.3	0.1	0.1	0.1
Staff / General Professionals	4.3	4.3	4.3	4.3
<b>TOTAL</b>	<b>36.3</b>	<b>39.1</b>	<b>46.1</b>	<b>46.1</b>

**Personal Services**

The request is for an appropriation of \$3,448,563 and 46.1 FTE. **Staff recommends an appropriation of \$3,451,888 and 46.1 FTE.** The recommendation is greater than the request because it does not include the 0.5 percent base reduction. Staff recommends the base reduction not be applied to this program since the decision item indicates the need for full funding of FTE.

The recommendation includes funding and FTE for Decision Item #6 (Workload Increases; see page 19) and budget amendment #6a (Workload Increases due to new Oil and Gas Regulations; see page 19). The dollar amounts and calculations are provided in the table below. The recommended fund mix is \$2,746,932 cash funds, \$99,045 cash funds exempt, and \$605,911 federal funds. The source of cash and cash funds exempt is the Stationary Sources Control Fund.

<b>Summary of APCD, Stationary Sources, Permits &amp; Compliance Assurance Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$2,181,549	\$99,045	\$605,911	\$2,886,505	39.1
FY 06-07 Salary Survey	\$0	\$44,113	\$0	\$0	\$44,113	0.0
DI #6: Workload Increases	\$0	\$235,980	\$0	\$0	\$235,980	3.0
BA #6a: Workload Increases due to New Oil & Gas Regs.	\$0	\$285,290	\$0	\$0	\$285,290	4.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$2,746,932</b>	<b>\$99,045</b>	<b>\$605,911</b>	<b>\$3,451,888</b>	<b>46.1</b>

### **Operating Expenses**

The request is for an appropriation of \$138,726 and 46.1 FTE. **Staff recommends the requested appropriation of \$52,892**, comprised of \$46,562 cash funds and \$6,330 federal funds. This recommendation includes increases of \$6,540 cash funds for DI #6 (Workload Increases, page 19) and \$8,260 cash funds for budget amendment #6a (Workload Increases due to New Oil and Gas Regulations; see page 19). The recommendation is less than the request because the request included capital costs that staff recommends appropriating through the Capital Outlay line item. The source of cash funds is the Stationary Sources Control Fund.

### **Local Contracts**

This line item funds contract costs with local health departments for assistance with the stationary source permitting and inspection process. **Staff recommends the requested appropriation of \$814,555**, comprised of \$570,177 cash funds and \$244,378 federal funds. This recommendation includes an increase of \$251,063 cash funds for budget amendment #6a (Workload Increases due to New Oil and Gas Regulations; see page 19). The source of cash funds is the Stationary Sources Control Fund.

## **(5) Air Pollution Control Division**

### **(D) Stationary Sources; (3) Hazardous and Toxic Control**

The Clean Air Act Amendments 1990 created a new and expanded program to control hazardous air pollutants. The same federal amendments required the control of ozone depleting compounds. The state's program develops standards for hazardous air pollutants, trains and certifies asbestos technicians, and controls chlorofluorocarbons (CFCs).

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Approp	FY 2007-08 Request	FY 2007-08 Recomm.
Administrative Support Staff	1.5	1.6	1.6	1.6
Envir. Protection Specialist	7.5	8.2	8.2	8.2
Information Systems Staff	1.3	1.1	1.1	1.1
Management	0.1	0.2	0.2	0.2
Program Assistant	0.2	0.0	0.0	0.0
Staff / General Professionals	0.8	0.9	0.9	0.9
<b>TOTAL</b>	<b>11.4</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>

### Personal Services

The request is for an appropriation of \$873,400 and 12.0 FTE. **Staff recommends an appropriation of \$870,774 and a continuation of 12.0 FTE.** The recommended fund mix is \$684,147 cash funds and \$186,627 federal funds. The recommendation was calculated in accordance with Committee policy and is summarized below. The sources of the cash funds are the Stationary Sources Control Fund and the Lead Hazard Reduction Cash Fund.

Summary of APCD, Stationary Sources, Hazardous & Toxic Control Personal Services Recommendation						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$672,067	\$0	\$187,565	\$859,632	12.0
FY 06-07 Salary Survey	\$0	\$15,518	\$0	\$0	\$15,518	0.0
0.5 % Base Reduction	\$0	(\$3,438)	\$0	(\$938)	(\$4,376)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$684,147</b>	<b>\$0</b>	<b>\$186,627</b>	<b>\$870,774</b>	<b>12.0</b>

### Operating Expenses

**Staff recommends the requested continuing appropriation of \$63,763 cash funds.** The sources of the cash funds are the Stationary Sources Control Fund and the Lead Hazard Reduction Cash Fund.

**Preservation of the Ozone Layer**

The purpose of this program is to reduce emissions of ozone depleting compounds, chlorofluorocarbons and hydro-fluorocarbons, by regulating the practices and procedures employed by the air conditioning and refrigeration service facilities in both automotive and stationary source industries. The program is self-supporting through fees and it regulates all air conditioning and refrigeration sources throughout the state of Colorado.

The request is for an appropriation of \$210,240 and 2.0 FTE. **Staff recommends an appropriation of \$210,661 and a continuation of 2.0 FTE.** The recommended fund mix is \$149,229 cash funds and \$61,432 cash funds exempt. The appropriation is greater than the request because staff did not apply the 0.5 percent base reduction. Staff does not recommend reducing base funding since the program only has 2.0 FTE. If applied, the reduction would equal \$1,030 (\$723 cash funds and \$307 cash funds exempt). The source of cash funds is the Ozone Protection Fund, and the sources of cash funds exempt are reserves in the Stationary Sources Control Fund and the AIR Account.

<b>Summary of APCD, Stationary Sources, Preservation of the Ozone Layer Program Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$144,643	\$61,432	\$0	\$206,075	2.0
FY 06-07 Salary Survey	\$0	\$4,586	\$0	\$0	\$4,586	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$149,229</b>	<b>\$61,432</b>	<b>\$0</b>	<b>\$210,661</b>	<b>2.0</b>

**(5) Air Pollution Control Division**

**(D) Stationary Sources; (4) Housed Commercial Swine Feeding Operation (HCSFO) Program**

This program began in FY 2006-07 with the passage of S.B. 06-117, Housed Commercial Swine Feeding Operations (Kester/Gardner). The bill allows wastewater vessels and impoundments used in a housed commercial swine operation to be operated with technologies or practices to minimize the emission of odorous gases so long as those technologies are at least as effective as covers. Previously, waste vessels were required be covered.

In addition, the bill established an annual fee for housed commercial swine feeding operations to offset the direct and indirect costs of enforcement, compliance, and regulation of air quality controls, as well as legal services and payments to local health departments for enforcement activities. The bill provided a FY 2006-07 appropriation to the Division of \$52,312 from the Housed Commercial Swine Feeding Operation Fund, and 0.5 FTE.

### **Program Costs**

**Staff recommends the requested appropriation of \$46,302 cash funds and 0.5 FTE.** The recommendation equals the appropriation from S.B. 06-117 minus \$6,010 in capital outlay costs. Staff does not recommend reducing base funding since the program only has 0.5 FTE. If applied, the 0.5 percent base reduction would equal \$1,030 (\$723 cash funds and \$307 cash funds exempt). The source of cash funds is the Ozone Protection Fund.

## **(6) WATER QUALITY CONTROL DIVISION**

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 is the final authority in the state's administration of water pollution prevention, abatement, and control. The Division has programs designed to prevent water pollution; protect, restore, and enhance the quality of surface and groundwater; and assure that safe drinking water is provided from all public water systems.

### **DI #2: CLEAN WATER ACT PROGRAM: 7.0 FTE and \$652,474 CF and CFE**

**Background.** There are two major pieces of federal legislation that regulate water quality - the federal Clean Water Act (CWA) and the federal Safe Drinking Water Act (SDWA) - as well as one main piece of state legislation, the Water Quality Control Act (WQCA). Colorado has received "primacy," or authority, from EPA to implement the CWA and the SDWA. Primacy allows states to develop programs tailored to their particular needs; to have flexibility in permit development and enforcement actions; and to respond quickly to local needs and emergencies. If a state program fails to implement or adequately maintain certain program elements over time, EPA may revoke primacy and reclaim responsibility for some or all program elements.<sup>9</sup>

- ***Drinking Water Program.*** The SDWA is designed to protect the nation's public drinking water supply. It authorizes the federal Environmental Protection Agency (EPA) to set national health-based standards for contaminants that may be found in drinking water. The law focuses on both prevention and treatment. The Division's Drinking Water Program focuses on risk prevention, risk management, monitoring, and compliance. The Division must adopt regulations, guidance and policy, and provide assistance for consumers and regulated entities.

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<sup>9</sup> It should be noted that Section 25-8-507, C.R.S., effectively states that if the EPA revokes primacy for any portion of the water quality program, statutory authority for all program elements will be revoked. This action would essentially forfeit the entire program to EPA control.

- **CWA Program.** The CWA requires states to adopt water quality standards based on waterbody use. These standards are implemented principally through state-issued permits to sources that discharge pollutants into waterways at a specific point ("point sources"). There are also pretreatment requirements for industrial sources that discharge pollutants into municipal sewer systems. States are also required to develop programs to address pollution from diffuse or "non-point" sources, such as run-off from paved surfaces. The Division's programmatic components for the CWA include: water quality monitoring and assessment; permitting; compliance assistance/assurance and enforcement; non-point source program; financial assistance programs; and watershed planning.

**WQCD: Funding History & Concerns.** Prior to FY 2003-04, the WQCD was funded through a mix of approximately 20 percent General Fund, 20 percent fee revenue, and 60 percent federal dollars. To address the state's budget crisis, S.B. 03-276 eliminated the Division's General Fund appropriation (\$2.0 million in FY 2002-03). To make up for this loss, wastewater permit fees were increased 66.2 percent, and, for the first time, a fee system for drinking water purveyors was established.

Although the new fees were based on best programmatic workload estimates at that time, the WQCD came to realize that there were inequities in how they were set. Some fees were not able to adequately support the associated programs, and others were set too high. 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. However, no legislation was introduced and the new fees and fee changes created via S.B. 03-276 sunset on July 1, 2005. Fees reverted to their pre-2002 levels and the Division's funding mix in the Long Bill was set proportionately to the funding mix of FY 2002-03 actual expenditures.

**Resource Needs for the WQCD.** The water quality programs have gotten more complicated over the years as EPA has established more regulations that must be supported with increasingly complicated engineering requirements. There are at least sixteen recent and emerging federal mandates for the CWA program and several additional program refinements that the Division anticipates developing and/or implementing in the next few years. In addition, population growth - much of which is occurring in areas with no previous water or wastewater facilities - has stressed the Division's engineering and compliance assistance/assurance resources. Federal funding for the Water Pollution Control Revolving Fund and the Drinking Water Revolving Fund has been declining in recent years due to federal budget reductions, reducing another source of resources for compliance assistance.

In addition to fee changes, S.B. 03-276 required the Division to examine its business practices, permit fee schedules, and future funding options relative to the CWA and the SDWA, 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 both programs.



- **Clean Water Program Needs.** The most pressing programmatic requirements have been: reduction of the permit backlog; a 1999 judicial consent agreement and schedule to develop total maximum daily loads (TMDLs); response and follow-up to spills and sewer overflows; and implementation of Confined Animal Feedlot Operations (CAFO) regulations adopted by EPA in 2003.

The Division diverted resources to meet permit backlog reduction deadlines and selected simpler TMDLs to do first, so it has met those deadlines. However, other deadlines have been missed: the Division has not met permitting and/or compliance assurance requirements for CAFOs or the Stormwater Phase II programs, which has led to increased EPA oversight and EPA enforcement actions against facilities. In its recent audit of the National Pollutant Discharge Elimination System Program,<sup>10</sup> EPA found several areas in need of improvement:

- The storm water field inspection presence needs to be enhanced. Using the storm water inspection schedule in effect at the time of the audit, it would take 70 years to inspect each storm water permit once.
- An inspection strategy for CAFOs has not been developed. Inspections are only conducted prior to granting coverage under the CAFO general permit and in response to citizen complaints.
- Some major municipal permits appear to lack effective chronic Whole Effluent Toxicity (WET) limits. Whole effluent toxicity is as an aggregate measure of toxicity and an indication of the presence of toxic compounds other than the priority pollutants. Several inconsistencies were noted during file reviews including a permit table with a reference to monitoring but no specified numeric limit, and a the limit table that contained an incorrect reference to the chronic WET monitoring requirements.<sup>11</sup>

These needs were partially addressed in FY 2006-07 when the program received an additional 3.5 FTE. This year's decision item would provide the program 7.0 more FTE.

- **Drinking Water Program Needs.** Although the requested decision item does not include resources for the Drinking Water Program, it is JBC staff's understanding that this request reflects the prioritization of needs for the Division, not a lack of need for the Drinking Water Program.

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<sup>10</sup> United States Environmental Protection Agency, Region 8, Audit of the Colorado Department of Public Health and Environment Water Quality Control Division's National Pollutant Discharge Elimination System Program, April 12, 2005.

<sup>11</sup> Audit of the Colorado Department of Public Health and Environment Water Quality Control Division's National Pollutant Discharge Elimination System Program, pages 13 through 15.

In January 2005, the EPA conducted an audit of the Drinking Water Program.<sup>12</sup> The audit noted many accomplishments, and reported that the Division is implementing the National Primary Drinking Water Regulations that have been adopted. However, many serious concerns were identified, including the inability to communicate effectively with permittees and implement drinking water regulations in a timely manner. The greatest concern EPA identified is that with the current levels of resources, the program operates in a predominantly reactive, rather than preventive, mode. This need was partially addressed in FY 2006-07 when the program received an additional 6.5 FTE.

**Three-Year Resource Plan.** In response to the growing demands on the Division, the Division is in the final stages of developing a new strategic plan. When completed (likely in April 2007), the plan will define the Division's strategic priorities for the next three to five years. Additionally, recognizing its staffing shortage, the Division developed a three-year resource plan. In FY 2006-07, the Department requested and received funding for \$816,404 and 10.0 FTE to address some of these concerns. The resources received to date, requested, and planned for are outlined in the table below.

### Three-Year Resource Plan for the Water Quality Control Division

	<b>FY 2006-07 Received</b>	<b>FY 2007-08 Request</b>	<b>FY 2008-09 Anticipated Request<sup>a</sup></b>	<b>3-Year Total</b>
<b>Total Dollars</b>	<b>\$816,374</b>	<b>\$652,474</b>	<b>\$1,200,000</b>	<b>\$2,668,848</b>
General Fund	\$759,997	\$0		
Cash Funds	\$56,377	\$440,407		
Cash Funds Exempt	\$0	\$212,067		
<b>Total FTE</b>	<b>10.0</b>	<b>7.0</b>	<b>16.0</b>	<b>33.0</b>
CWA Program FTE	3.5	7.0	12.0	22.5
Drinking Water Program FTE	6.5	0.0	4.0	10.5

<sup>a</sup> For FY 2008-09, the funding mix will depend on the distribution of FTE between the Drinking Water Program (which is all General Fund and federal funds), the CWA program (for which the state portion is mostly cash funded, but which also receives some General Fund support), and whether or not special legislation is passed to increase fees.

The FY 2006-07 decision item provided 6.5 FTE for the Drinking Water Program and 3.5 FTE for the CWA Program. Therefore, the FY 2007-08 request focuses on the CWA Program as last year's

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<sup>12</sup> United States Environmental Protection Agency, Region 8, Public Water System Supervision Program 2004 Primacy Review for Colorado, available at [http://www.cdphe.state.co.us/wq/Drinking\\_Water/pdf/NEWS/CO-PWSSStateReview2004.pdf](http://www.cdphe.state.co.us/wq/Drinking_Water/pdf/NEWS/CO-PWSSStateReview2004.pdf).

decision item was more heavily weighted toward the Drinking Water Program. **For FY 2007-08, the Department's Decision Item #2 seeks an increase of \$652,474 in cash and cash funds exempt spending authority and 7.0 FTE** to continue to address the CWA Program's resource concerns. The requested FTE are expected to be based in Denver but work on projects throughout the state. The programmatic needs the FTE would address are outlined below.

- (1) **Reduction of the permit backlog.** The Division diverted resources to meet permit backlog reduction deadlines set by EPA, but those resources are still needed by the other program areas. *The Department is requesting 2.0 FTE to ensure the timely issuance of permits for new and expanding facilities.* Additionally, these FTE would help the Division avoid situations where a delayed issuance of a well-justified permit amendment would put the permittee in violation.
- (2) **Development of Total Maximum Daily Loads (TMDLs).** The Division is required under section 303(d) the federal Clean Water Act to: (a) develop a list of all waters in the state that do not support their assigned uses and attain their assigned standards; and (b) develop TMDLs that identify the appropriate maximum pollutant load that would allow attainment of the standards, and the necessary reduction in the current load. In the late 1990s, the state was sued because of lack of progress in TMDL development. The resulting settlement set a number of milestones the state must achieve in setting the required TMDLs. The Division selected simpler TMDLs to do first, so it has met its deadlines so far, but more complicated TMDLs are pending. Additionally, the list of waters requiring a TMDL must be reviewed every two years, so additional waters requiring TMDLs are being added to the list. *The Department is requesting 1.0 FTE to complete TMDLs in accordance with the court settlement.*
- (3) **Implementation of Phase II Stormwater Program and CAFO regulations.** The Division has not met permitting and/or compliance assurance requirements for the Stormwater Phase II programs or Concentrated Animal Feedlot Operations (CAFOs), which has lead to increased EPA oversight and EPA enforcement actions against facilities. Additionally, the EPA is modifying its data and compliance management systems related to "wet weather" discharges, including stormwater permits, CAFOs, and sanitary system overflows (SSOs). *The Department is requesting 1.0 FTE who will: (1) Address non-compliance and follow-up on outstanding orders to ensure that systems are complying with the orders and returning to compliance; and (2) Improve data management.*
- (4) **Data Management.** The aforementioned EPA audits discussed problems the Division has with data management and how those problems make it even more challenging for the Division to implement new rules effectively and expediently. The Division is now implementing a new state data management system to support its data management needs and to report to the federal system. *The Department is requesting 1.0 FTE who will manage improvements to information systems technology, implement software systems, coordinate data integration efforts, participate on cross-media data teams, and supervise the Division's other 3.0 information technology staff.*

- (5) **Spills/Sanitary System Overflows (SSOs) Response.** Reported spills and SSOs are increasing, and soon there will be new EPA requirements for compliance oversight of SSOs. *The Department is requesting 1.0 FTE to coordinate spill response and be responsible for: updating and implementing the Division's spill response procedures; ensuring that public health impacts and damage to the environment are minimized; and making certain that downstream communities receive notice of spills.*
- (6) **Water Quality Monitoring** is an essential water quality control function. Initial monitoring of stream segments and lakes enables the state to determine the designated uses to which the water can, or could, be put and design appropriate standards. Follow-up monitoring determines if standards are being met or if increased controls or restoration are required. In 2003, the EPA issued new monitoring guidance, resulting in additional work requirements on the Division's monitoring and sample data management programs. *The Department is requesting 1.0 FTE which would enable the Division to keep pace with the state's expanding water quality monitoring responsibilities.*

### **Funding Issues.**

- **Cash Funding.** Funding for the request, totaling \$652,474, is comprised entirely of increased cash and cash funds spending authority from the various water quality control funds. For FY 2006-07, these funds are expected to barely break even. For FY 2007-08, expenditures are expected exceed revenues by almost \$525,000, leaving a year-end fund balance of only \$558,000.

While these projections are likely to move somewhat, it is clear that given the recent trends, these funds can only support this appropriation for FY 2007-08. **Therefore, the Department notes that statutory fee increases will be required to sustain this appropriation beyond FY 2007-08.** The Department is considering pursuing a late bill this session to adjust fees; otherwise, it intends to pursue such a bill next session. However, it should be noted that the last time the Department sought special legislation to increase fees (during the 2005 legislative session), the bill had little support and was never introduced. **If this decision item is approved, and fees are not changed in statute, General Fund support will be needed to continue funding these FTE in FY 2008-09 and beyond.**<sup>13</sup>

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<sup>13</sup> What is the appropriate state funding split for this Division? This question was raised during the Department's hearing in 2005. Based on discussions with the regulated community and other stakeholders, the Department stated that it considers an appropriate balance to be 25 to 35 percent General Fund and 65 to 75 percent cash funds. With this split, fee revenue would be used to fund core-permitting activities, such as writing permits and assessing compliance. Fee revenue over and beyond this amount would be used to fund activities that contribute to the permitting program, such as water quality monitoring and assessment. General Fund would be used to fund mandated activities that are not fully funded by fee revenue. Based on the Department's FY 2007-08 request, if this decision item is approved, the Division's state funding would be comprised of 16.6 percent General Fund and 29.3 percent cash and cash exempt funds.

- ***Purchasing, not Leasing, Vehicles.*** The Department requested purchasing two new vehicles through Fleet Management. The resultant cost savings due to the elimination of interest would be \$3,571 over the term of the lease, thereby using fee revenue more efficiently. Purchasing the two vehicles in FY 2007-08 would cost \$48,335, whereas leasing them would cost \$6,960 - a difference of \$41,375 in the FY 2007-08 appropriation. This up-front cost would more quickly deplete the cash fund balances; however, the amount saved by leasing the vehicles is only 6.3 percent of the total amount requested. Since it is likely that stakeholders will be asked to pay higher fees soon, the Department is concerned about spending fee revenue efficiently. **Therefore, staff recommends approving the requested to purchase the vehicles.**
- ***General Fund and the Six Percent Limit.*** The request is for a cash spending authority increase. However, since the Division's work is in part directed by EPA requirements, it is possible additional resources funded now or in the future with General Fund could be exempted from the six percent limit as a federal mandate.

In response to the Committee's interest in such exemptions, staff asked the Department to submit documentation regarding EPA's requirements, consequences to the state for non-compliance, and how the requirements relate to the decision item (which prior to the submission of a budget amendment on February 9th, included \$212,067 in General Fund. The Office of Legislative Legal Services examined this documentation last week and reported that more information would be necessary to make a determination. ***Staff recommends that if a bill to increase fees enough to cover the cost of this decision item beginning in FY 2008-09 is not passed this session, the JBC request Legislative Legal Services to examine this issue in more detail during the interim.***

**Recommendation.** A staffing shortage in this Division has been clearly identified by the Department and the EPA. The resulting difficulties the Division is having implementing water quality rules threaten both public health and the environment. Therefore, **staff recommends approving this decision item.** The recommended funding, by line item, is shown in the table below. **Staff requests permission to adjust cash/cash exempt fund mixes if necessary.**

### Funding Breakdown for DI #2, CWA Program Resources

Line Item		Request & Recommendation <sup>a</sup>
<b>TOTAL</b>	<b>Total</b>	<b>647,210</b>
	<b>FTE</b>	<b>7.0</b>
	<b>CF</b>	<b>436,883</b>
	<b>CFE</b>	<b>210,327</b>
ASD, Vehicle Lease	Total - CF	48,335
WQCD, Administration, Capital Outlay <sup>b</sup>	Total	26,705
	CF	15,260
	CFE	11,445
WQCD, Administration, Indirect Cost Assessment <sup>c</sup>	Total - CF	93,897
WQCD, Watershed Assessment, Personal Services	Total - CFE	124,652
	FTE	2.0
WQCD, Watershed Assessment, Operating Expenses	Total - CFE	1,000
WQCD, Permitting and Compliance Assurance, Personal Services	Total	346,251
	<u>FTE</u>	<u>5.0</u>
	CF	273,521
	CFE	72,730
WQCD, Permitting and Compliance Assurance, Operating Expenses	Total	6,370
	CF	5,870
	CFE	500

<sup>a</sup> The recommendation is slightly less than the request because: (1) in the cost calculations, the Department requested AED funding and staff omitted it to be consistent with LCS fiscal note policy; and (2) rounding differences.

<sup>b</sup> The recommendation includes funding of \$1,794 per FTE for computers instead of the Legislative Council Staff fiscal note policy of \$984 because these FTE are frequently out of the office and require laptops instead of PCs.

<sup>c</sup> Please note that the indirect cost assessment total will be revised after figure-setting to account for all funding decisions and common policies.

Additionally, because the Division is seeking a substantial increase in resources over several years, staff recommends asking the Department to provide an update of the Division's current and anticipated workload and resources needs. This information would be useful to the Legislature and staff in assessing the Division's resource needs and evaluating its requests for additional resources. **Staff recommends the addition of the following footnote:**

**N**     **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 AND RESOURCES NEEDS, INCLUDING THE IMPACT OF EXISTING AND PROPOSED FEDERAL AND STATE PROGRAM REQUIREMENTS, AND 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.

**(6) WATER QUALITY CONTROL DIVISION**

**(A) Administration**

The Administration Section contains the management and support staff for the Water Quality Control Commission. The Section provides clerical support for other units and sections, as needed, and maintains a centralized records system for the Division. The Section is also responsible for training and certifying the operators of all water and wastewater treatment facilities in the State.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Accounting	0.6	0.6	0.6	0.6
Administrative Support Staff	3.7	3.6	3.6	3.6
Envir. Protection Specialist	1.5	1.5	1.5	1.5
Management	1.8	1.8	1.8	1.8
Physical Scientist	2.0	2.3	2.3	2.3
Staff / General Professionals	4.1	4.0	4.0	4.0
<b>TOTAL</b>	<b>13.7</b>	<b>13.8</b>	<b>13.8</b>	<b>13.8</b>

**Personal Services**

The request is for an appropriation of \$856,253 and 13.8 FTE. **Staff recommends an appropriation of \$853,678 and 13.8 FTE.** The recommended fund mix is \$467,328 General Fund, \$173,844 cash funds and \$212,506 federal funds. The recommendation was calculated in accordance with Committee common policy and is summarized below. The source of the cash funds is the Water Quality Control Fund.

<b>Summary of WQCD, Administration Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$448,550	\$169,925	\$0	\$213,574	\$832,049	13.8
FY 06-07 Salary Survey	\$21,126	\$4,793	\$0	\$0	\$25,919	0.0
0.5 % Base Reduction	(\$2,348)	(\$874)	\$0	(\$1,068)	(\$4,290)	0.0
<b>Staff Recommendation</b>	<b>\$467,328</b>	<b>\$173,844</b>	<b>\$0</b>	<b>\$212,506</b>	<b>\$853,678</b>	<b>13.8</b>

**Operating Expenses**

**Staff recommends a continuing appropriation of \$52,356**, comprised of \$18,834 General Fund, \$3,459 cash funds, and \$30,063 federal funds.

**Capital Outlay**

**Staff recommends the request of \$26,705** comprised of \$15,260 cash funds and \$11,445 cash funds associated with Decision Item #2, Clean Water Act Program (discussed beginning on page 44). This funding is for capital costs associated with the 7.0 new FTE (\$14,147 for office furniture and \$12,558 for new computers).

**Indirect Cost Assessment**

**Pending.** Once Committee action on all line items is final, staff will work with the Department to obtain the final indirect cost assessments.



**(6) WATER QUALITY CONTROL DIVISION**  
**(B) Watershed Assessment, Outreach, and Assistance**

This section is responsible for monitoring, assessment, and outreach activities. The Monitoring Program is developing an inventory of water quality for Colorado's water bodies; collects water samples to summarize chemical, physical, and biological conditions; and analyzes the data to establish Total Maximum Daily Loads which are used to establish new or revised standards and classifications for state waters. The Assessment Program is responsible for evaluating the status of surface and ground waters and for recommending water quality standards. The Outreach Program is responsible for financial assistance programs for domestic wastewater facilities, drinking water providers, and a wide variety of storm water and nonpoint sources.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Accounting	0.1	1.0	1.0	1.0
Administrative Support Staff	0.6	2.0	2.0	2.0
Engineer/Physical Science Tech.	2.4	5.4	5.4	5.4
Environ. Protection Specialists	6.1	11.4	13.4	13.4
Information Systems Staff	0.8	1.0	1.0	1.0
Management	1.0	1.0	1.0	1.0
Physical Scientists	8.0	9.2	9.2	9.2
Professional Engineers	2.3	2.5	2.5	2.5
Staff / General Professionals	3.7	4.1	4.1	4.1
<b>TOTAL</b>	<b>25.0</b>	<b>37.6</b>	<b>39.6</b>	<b>39.6</b>

**Personal Services**

The request was for an appropriation of \$2,872,260 and 39.6 FTE. **Staff recommends an appropriation of \$2,863,202 and 39.6 FTE.** The recommended fund mix is \$293,047 General Fund, \$298,087 cash funds, \$164,003 cash funds exempt, and \$2,108,065 federal funds. The recommendation includes increases of \$124,652 cash funds exempt and 2.0 for Decision Item #2, Clean Water Act Program (see page 44). The recommendation is summarized below. The sources of cash funds are the Water Quality Control Fund and the Industrial Pretreatment Cash Fund. The source of cash funds exempt is a transfer from the Department of Agriculture from the Groundwater Protection Fund.

<b>Summary of WQCD, Watershed Assessment, Outreach, and Assistance Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$278,946	\$292,244	\$39,549	\$2,118,658	\$2,729,397	37.6
FY 06-07 Salary Survey	\$15,574	\$7,341	\$0	\$0	\$22,915	0.0
0.5 % Base Reduction	(\$1,473)	(\$1,498)	(\$198)	(\$10,593)	(\$13,762)	0.0
DI #2, CWA Program	\$0	\$0	\$124,652	\$0	\$124,652	2.0
<b>Staff Recommendation</b>	<b>\$293,047</b>	<b>\$298,087</b>	<b>\$164,003</b>	<b>\$2,108,065</b>	<b>\$2,863,202</b>	<b>39.6</b>

### **Operating Expenses**

**Staff recommends the request of \$525,768**, comprised of \$376,207 General Fund, \$2,675 cash funds exempt, and \$146,886 federal funds. This recommendation includes an increase of \$1,000 cash funds exempt for Decision Item #2, Clean Water Act Program (page 44). The sources of cash funds exempt are the Water Quality Control Fund and the Industrial Pretreatment Cash Fund.

### **Local Grants and Contracts**

This line item is used to provide grants to local entities for Section 604(b) Area-wide Water Quality Management Planning and Non-point Source Control Demonstration Grants. Both of these activities are driven by the federal Clean Water Act and are funded with federal funds. Activities supported by these grants include area-wide water quality planning; population projections and analysis of the impact on construction permits and water facility capacity; and sampling, lab analysis, and triennial review of water basins in the state. **Staff recommends the requested continuing appropriation of \$2,136,456 federal funds** provided by the EPA.

### **Water Quality Improvement**

This program began in FY 2006-07 with the passage of H.B. 06-1337, Water Quality Improvement Fund Penalties (Butcher/Entz). The bill specifies the factors by which to base penalties for violations of water quality control provisions and requires the Department to spend collected civil penalties on improving the water quality in impacted communities by awarding grants or providing matching funds for certain federal programs. The bill provides for five percent of the penalties to cover administrative costs of the Department.

The bill also appropriated \$292,990 cash funds from the Water Quality Improvement Fund to the Department. However, based on the Colorado Legislative Council Staff final fiscal note dated June 19, 2006, the appropriation was incorrect as it was based on the reengrossed version of the bill. Therefore, **staff recommends an appropriation of \$117,196 cash funds** in accordance with the FY 2007-08 fiscal impact outlined in the final fiscal note for H.B. 06-1337. The source of cash funds is Water Quality Improvement Fund

## (6) WATER QUALITY CONTROL DIVISION

### **(C) Permitting and Compliance Assurance**

This section is responsible for issuing discharge permits, monitoring compliance with permits, conducting inspections, and providing technical assistance.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Accounting	0.1	0.2	0.2	0.2
Administrative Support Staff	3.5	2.6	2.6	2.6
Environ. Protection Specialists	21.7	21.9	21.9	21.9
Information Systems Staff	0.7	0.5	1.5	1.5
Laboratory Technology	0.1	0.0	0.0	0.0
Management	1.2	1.0	1.0	1.0
Physical Scientists	2.8	2.0	4.0	4.0
Professional Engineers	8.1	8.6	10.6	10.6
Staff / General Professionals	1.7	1.0	1.0	1.0
<b>TOTAL</b>	<b>39.9</b>	<b>37.8</b>	<b>42.8</b>	<b>42.8</b>

### **Personal Services**

The request is for an appropriation of \$3,331,908 and 42.8 FTE. **Staff recommends an appropriation of \$3,318,473 and 42.8 FTE.** The recommendation includes increases of \$346,251 and 2.0 FTE for DI #12, Clean Water Act Program (see page 44). The recommended fund mix is \$193,177 General Fund, \$2,455,259 cash funds, \$232,687 cash funds exempt, and \$437,350 federal funds. The recommendation is summarized below.

The sources of cash funds are Waste Water Discharge Permit Fees, Sludge Management Discharge Permit Fees, Industrial Pretreatment Permit Fees, and Storm water Permit Fees (the Water Quality Control Fund, the Sludge Management Program Fund, and the Industrial Pretreatment Program Fund). The source of cash funds exempt is revenues that result from Amendment 14 (Commercial Swine Operations).

<b>Summary of WQCD, Permitting &amp; Compliance Assurance Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$190,761	\$2,147,895	\$160,761	\$439,548	\$2,938,965	37.8
FY 06-07 Salary Survey	\$3,387	\$44,807	\$0	\$0	\$48,194	0.0
0.5 % Base Reduction	(\$971)	(\$10,964)	(\$804)	(\$2,198)	(\$14,937)	0.0
DI #2: Clean Water Act Program	\$0	\$273,521	\$72,730	\$0	\$346,251	5.0
<b>Staff Recommendation</b>	<b>\$193,177</b>	<b>\$2,455,259</b>	<b>\$232,687</b>	<b>\$437,350</b>	<b>\$3,318,473</b>	<b>42.8</b>

### **Operating Expenses**

The request is for an appropriation of \$383,114. **Staff recommends an appropriation of \$383,116** comprised of \$227,706 General Fund, \$113,019 cash funds, \$11,227 cash funds exempt, and \$31,164 federal funds. This recommendation includes an increase of \$6,370 for Decision Item #2, Clean Water Act Program (see page 44). The recommendation is \$2 cash funds exempt greater than the request due to minor differences in how decision item funding was calculated.

The sources of cash funds are Waste Water Discharge Permit Fees, Sludge Management Discharge Permit Fees, Industrial Pretreatment Permit Fees, and Storm Water Permit Fees (the Water Quality Control Fund, the Sludge Management Program Fund, and the Industrial Pretreatment Program Fund). The source of cash funds exempt is revenues that result from Amendment 14 (Commercial Swine Operations).

**(6) WATER QUALITY CONTROL DIVISION**

**(D) Drinking Water Program**

The Drinking Water Program is established under the Federal Safe Drinking Water Act; it implements measures to provide safe drinking water by public water systems throughout the state.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Accounting	0.1	0.0	0.0	0.0
Administrative Support Staff	3.2	2.4	2.4	2.4
Environ. Protection Specialists	14.3	18.1	18.1	18.1
Information Systems Staff	1.0	0.5	0.5	0.5
Management	0.7	0.7	0.7	0.7
Physical Science Techs.	4.1	3.0	3.0	3.0
Professional Engineers	11.4	12.3	12.3	12.3
Staff / General Professionals	5.6	4.4	4.4	4.4
<b>TOTAL</b>	<b>40.4</b>	<b>41.4</b>	<b>41.4</b>	<b>41.4</b>

**Personal Services**

The request is for an appropriation of \$2,949,236 and 41.4 FTE. **Staff recommends an appropriation of \$2,940,370 and 41.4 FTE.** The recommended fund mix is \$838,531 General Fund, and \$2,101,839 federal funds. The recommendation was calculated in accordance with JBC common policies. The source of cash funds is the Drinking Water Cash Fund and the sources of federal funds are EPA grants.

<b>Summary of WQCD, Drinking Water Program Personal Services Recommendation</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>TOTAL</b>	<b>FTE</b>
2006 Long Bill Approp.	\$827,147	\$0	\$0	\$2,112,401	\$2,939,548	41.4
FY 06-07 Salary Survey	\$15,598	\$0	\$0	\$0	\$15,598	0.0
0.5 % Base Reduction	(\$4,214)	\$0	\$0	(\$10,562)	(\$14,776)	0.0
<b>Staff Recommendation</b>	<b>\$838,531</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,101,839</b>	<b>\$2,940,370</b>	<b>41.4</b>

### **Operating Expenses**

**Staff recommends the requested continuing appropriation of \$211,833** comprised of \$94,887 General Fund and \$116,946 federal funds. The source of cash funds is the Drinking Water Cash Fund and the sources of federal funds are EPA grants.

### **(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION**

The Hazardous Materials and Waste Management Division is responsible for the development and implementation of the state's hazardous and nonhazardous waste management and remediation programs. It operates the Hazardous Waste Control Program, Solid Waste Program, Uranium Mill Tailing Remedial Action (UMTRA) Program, and is responsible for the administration and oversight of a number of contaminated sites throughout the State.

#### **DI #9: RADIATION CONTROL**

This decision item seeks \$90,430 cash funds and 1.0 FTE to: (a) perform additional inspections under the new security requirements for radioactive materials licensees that have been implemented and mandated by order of the U.S. Nuclear Regulatory Commission (NRC); and (b) expand inspections of entities operating under reciprocity from other states. Each of these needs is discussed in more detail below.

#### **(a) Perform additional inspections under the NRC's new security requirements**

In response to the attacks of September 11, 2001, the NRC developed additional security requirements for radioactive materials licensees possessing risk-significant quantities of certain radioactive materials to provide additional protection against the possible intentional misuse of such materials. In September 2005, the NRC issued orders to licensees to implement the new security controls and required the 34 agreement states (including Colorado) to require their licensees to implement the same controls.

The new security codes are intended to: enhance control of radioactive material; reduce the risk of unauthorized use of radioactive materials; aid in the prevention and prompt detection, assessment, and response to unauthorized radioactive materials use; and mitigate the potentially severe consequences from unauthorized use of radioactive materials. Examples of new requirements include requiring licensees to: limit unescorted access to radioactive materials; track shipments of radioactive material and employ only those carriers that implement security controls for radioactive materials transportation; and utilize two independent, physical controls that form tangible barriers to secure portable devices with radioactive materials.

Currently there are 328 specific radioactive materials licensees in Colorado, of which approximately 30 are subject to the new security controls. The new requirements will significantly increase the time required to inspect affected licensees - some already take up to a week to complete (such as a broad scope license for universities). Additionally, approximately five percent more time will be required for training radioactive materials inspectors and license reviewers (depending on the experience of the inspector and reviews, between 10 and 30 percent of their time is already spent in training).

**(b) Expanding inspections of entities operating under reciprocity from other states**

Pursuant to both federal and state statutes and regulations, NRC and agreement state licensees for certain activities (such as industrial radiography and borehole logging) may operate under reciprocity in jurisdictions other than that in which they are licensed. The NRC requires agreement states to inspect at least 20 percent of candidate licensees operating under such reciprocity. Colorado failed to meet the 20 percent requirement during the last federal review cycle in March 2006 (the reviews happen at four year intervals).

Licensees that typically operate in Colorado under reciprocity agreements with other states (or states in which the NRC regulates radioactive materials) are those conducting various types of field operations. These operations often consist of industrial radiography (the use of radioactive sources to identify flaws in construction and materials), well logging, and soils-related testing. Since these operations utilize high-activity radioactive sources, improper use and handling can result in significant health hazards for workers and the public.

These operations are conducted throughout the state, but most often in areas where oil and gas drilling is performed or where pipelines are being constructed. Workers often travel to the job site from another state and stay for days or weeks. Although notice is required for any reciprocity licensee entering the state, it is often difficult to schedule and complete required inspections in these often remote areas. Increasing the number of reciprocity inspections for radioactive materials used in Colorado would help promote radiation safety and reduce exposure and possible injury to workers and the public.

**Long-term Implications.** During its March 2006 review, the NRC found Colorado's Radiation Control Program satisfactory (the highest rating achievable). However, one recommendation was for increased reciprocity inspections in order to meet the 20 percent inspection requirement. While there is no specific penalty for falling short of this requirement, it is possible that the Radiation Control Program could be found unsatisfactory during its next review in 2010 if it continues to fall short.

Ultimately, if the NRC is not satisfied with the adequacy and compatibility of Colorado's Radiation Control Program, it could terminate the state agreement and exert its authority to regulate and license radioactive materials in Colorado. While this is not a near-term threat, if reciprocity is eventually lost, Colorado licensees would have to also obtain both state and federal licenses and thus fall under two regulatory schemes (costing licensees additional time and money). However, Colorado's Radiation Control Program would not be eliminated since it exists in statute independent of the federal program.

**Recommendation.** The Department is seeking this increase to comply with federal requirements aimed at protecting public health and safety. Therefore, **staff recommends funding this decision item.** Staff recommendation by line item is provided in the table below. The funding would come from fee revenue paid into the Radiation Control Fund. Please note that the indirect cost assessment total will be revised after figure-setting to account for all funding decisions and common policies.

**Funding Breakdown for DI #9, Radiation Control**

HMWM Division Line Item	Request & Recommendation <sup>a</sup>	
<b>TOTAL<sup>b</sup></b>	<b>Total - CF</b>	<b>89,593</b>
	<b>FTE</b>	<b>1.0</b>
Admin, Capital Outlay <sup>b</sup>	Total	3,205
Radiation Management, Personal	Total	77,908
Services	FTE	1.0
Radiation Management, Operating Expenses <sup>c</sup>	Total	8,480

<sup>a</sup> The recommendation is slightly less than the request because in the cost calculations, the Department requested AED funding and staff omitted it to be consistent with LCS fiscal note policy.

<sup>b</sup> The recommendation includes funding of \$1,794 per FTE for computers instead of the Legislative Council Staff fiscal note policy of \$984 because these FTE require specialized software.



**(A) Administration**

This Office provides division-wide administrative and management support services.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	1.1	0.6	0.6	0.6
Environ. Protection Specialist	0.1	0.6	0.6	0.6
Information Systems Staff	0.0	0.3	0.3	0.3
Management	0.4	0.6	0.6	0.6
Program Assistant	1.7	0.6	0.6	0.6
Staff / General Professionals	0.1	0.7	0.7	0.7
<b>TOTAL</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>

**Program Costs**

The request is for an appropriation of \$295,025 and 3.4 FTE. **Staff recommends an appropriation of \$294,195 and a continuation of 3.4 FTE.** The recommended fund mix is \$197,502 cash funds, \$74,227 cash funds exempt, and \$22,466 federal funds. The recommendation was calculated in accordance with Committee policy and is summarized below. The sources of the cash funds are the Radiation Control Fund, the Solid Waste Management Fund, the Hazardous Waste Commission Fund, the Hazardous Substance Response Fund, the Hazardous Waste Service Fund, and various other sources of cash funds. The source of the cash funds exempt is reserves from the Hazardous Waste Commission Fund.

<b>Summary of HMWM, Administration Program Recommendation</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>TOTAL</b>	<b>FTE</b>
2006 Long Bill Approp.	\$0	\$192,815	\$68,973	\$22,579	\$284,367	3.4
FY 06-07 Salary Survey	\$0	\$5,651	\$5,599	\$0	\$11,250	0.0
0.5 % Base Reduction	\$0	(\$964)	(\$345)	(\$113)	(\$1,422)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$197,502</b>	<b>\$74,227</b>	<b>\$22,466</b>	<b>\$294,195</b>	<b>3.4</b>

### **Legal Services**

The request is for \$416,446 to support 6,145 hours of legal services. **Staff recommends an appropriation of 6,145 hours, with the dollar amount pending Committee common policy decision making.** The requested and recommended hours are less than the current appropriation because funding for legal services related to initial implementation of H.B 05-1126 (Waste Tire Haulers Regulation) were deducted.

### **Capital Outlay**

**Staff recommends the requested appropriation of \$3,205 cash funds.** This funding is for computer and furniture costs associated with the new FTE from Decision Item #9, Radiation Control (see page 59). The source of funds is the Radiation Control Fund.

### **Indirect Cost Assessment**

**Pending.** Once Committee action on all line items is final, staff will work with the Department to obtain the final indirect cost assessments.

## **(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION**

### **(B) Hazardous Waste Control Program**

The Hazardous Waste Control Program is responsible for four primary program activities: permitting, compliance assurance, corrective action, and compliance assistance. This program monitors compliance and enforces hazardous waste regulations over 500 large-quantity hazardous waste generators, 3,000 small generators, hazardous waste transporters, and over 50 hazardous waste treatment, storage and disposal facilities.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Appro</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	1.3	1.3	1.3	1.3
Budget & Policy Analyst	0.2	0.2	0.2	0.2
Environ. Protection Specialists	19.6	20.9	20.9	20.9
Information Systems Staff	1.1	1.8	1.8	1.8
Management	0.4	0.4	0.4	0.4
Physical Scientists	0.1	0.0	0.0	0.0
Professional Engineers	4.3	4.3	4.3	4.3
Program Assistant	2.5	3.8	3.8	3.8
Staff / General Professionals	4.6	5.5	5.5	5.5
<b>TOTAL</b>	<b>34.1</b>	<b>38.2</b>	<b>38.2</b>	<b>38.2</b>

### **Personal Services**

The request is for an appropriation of \$2,945,726 and 38.2 FTE. **Staff recommends an appropriation of \$2,945,726 and 38.2 FTE.** The recommended fund mix is \$1,284,302 cash funds and \$1,661,424 federal funds. The recommendation was calculated in accordance with Committee policy and is summarized below. The source of cash funds is the Hazardous Waste Service Fund.

<b>Summary of HMWM, Hazardous Waste Control Program Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$1,290,756	\$0	\$1,669,773	\$2,960,529	38.2
0.5 % Base Reduction	\$0	(\$6,454)	\$0	(\$8,349)	(\$14,803)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$1,284,302</b>	<b>\$0</b>	<b>\$1,661,424</b>	<b>\$2,945,726</b>	<b>38.2</b>

### **Operating Expenses**

**Staff recommends the requested continuing appropriation of \$213,571** comprised of \$45,663 cash funds and \$167,908 federal funds. The source of cash funds is the Hazardous Waste Service Fund.

**(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION**

**(C) Solid Waste Control Program**

This program is responsible for inspection of solid waste facilities through a permitting and review process for opening, closing, and expansion of facilities.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	0.6	0.9	0.9	0.9
Environ. Protection Specialists	9.2	7.8	7.8	7.8
Information Systems Staff	0.6	0.2	0.2	0.2
Management	0.1	0.1	0.1	0.1
Physical Scientist	0.3	0.0	0.0	0.0
Professional Engineers	1.0	1.0	1.0	1.0
Program Assistant	0.3	1.3	1.3	1.3
Staff / General Professionals	1.4	1.2	1.2	1.2
<b>TOTAL</b>	<b>13.5</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>

**Program Costs**

The request is for an appropriation of \$1,400,361 and 12.5 FTE. **Staff recommends an appropriation of \$1,396,302 cash funds and 12.5 FTE.** The recommendation was calculated in accordance with JBC common policy and is summarized below. The sources of cash funds are the Solid Waste Management Fund, the Hazardous Substance Response Fund, and the Waste Tire Development Cash Fund.

<b>Summary of HMWM, Solid Waste Control Program, Program Recommendation</b>						
	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>TOTAL</b>	<b>FTE</b>
2006 Long Bill Approp.	\$0	\$1,373,283	\$0	\$0	\$1,373,283	12.5
FY 06-07 Salary Survey	\$0	\$29,885	\$0	\$0	\$29,885	0.0
0.5 % Base Reduction	\$0	(\$6,866)	\$0	\$0	(\$6,866)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$1,396,302</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,396,302</b>	<b>12.5</b>

**(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION**

**(D) Uranium Mill Tailings Remedial Action Program**

This program provided for radioactive waste cleanup of seven Western Slope sites from 1991 to 1998. Now the program assists local governments in managing mill tailings that were not removed but which are disturbed during road work or other renewal or building activities.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	0.0	0.1	0.1	0.1
Environ. Protection Specialists	1.3	1.3	1.3	1.3
Professional Engineer	0.1	0.3	0.3	0.3
Program Assistant	1.2	1.3	1.3	1.3
Staff / General Professionals	0.2	0.1	0.1	0.1
<b>TOTAL</b>	<b>2.8</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>

**Program Costs**

The request is for an appropriation of \$230,316 and 3.1 FTE. **Staff recommends a continuing appropriation of \$230,779 and 3.1 FTE.** The recommended fund mix is \$185,508 cash funds exempt and \$45,271 federal funds. Staff did not apply the base reduction as the program is so small. If applied, the reduction would equal \$1,154, comprised of \$928 cash funds exempt and \$226 federal funds. The source of cash funds exempt is funding from the Local Government Severance Tax Fund transferred from the Department of Local Affairs.

**(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION**

**(E) Contaminated Sites Cleanups**

The Contaminated Site Cleanups Program includes administration and oversight of cleanup at superfund sites; Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) litigation at the Rocky Mountain Arsenal; and CERCLA technical support to the Department of Law, the Natural Resource Damage Recovery Program, and the Hazardous Substance Response Fund. Funding provides for site assessments and review, compliance investigation, enforcement activities, data reporting, laboratory services, community relations, engineering design, groundwater modeling, disposal handling techniques, construction management and rule making coordination.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	1.2	1.5	1.5	1.5
Budget & Policy Analyst	0.2	0.2	0.2	0.2
Environ. Protection Specialists	17.3	19.8	19.8	19.8
Information Systems Staff	1.1	1.0	1.0	1.0
Management	0.4	0.3	0.3	0.3
Physical Scientists	4.1	5.3	5.3	5.3
Professional Engineers	4.8	6.6	6.6	6.6
Program Assistant	1.8	2.4	2.4	2.4
Staff / General Professionals	5.6	6.3	6.3	6.3
<b>TOTAL</b>	<b>36.5</b>	<b>43.4</b>	<b>43.4</b>	<b>43.4</b>

**NON-PRIORITIZED DI : CONTINUATION OF ROCKY MOUNTAIN ARSENAL LITIGATION  
FUNDING**

The Department submitted and received a FY 2006-07 supplemental appropriation of \$43,500 cash funds exempt to allow it to receive funds from the Department of Law in support of litigation efforts related to the Rocky Mountain Arsenal (RMA). The funding will be used by the Division to write a Natural Resource Damage Assessment Report (a required part of the legal process), as well as other work in preparing for litigation. The Attorney General's Office is contracting with the HMWMD due to the Division's extensive knowledge of the history of the RMA, the extent of the contamination, and the remediation that has been done and needs to be done.

For FY 2007-08, the Department is seeking a slight increase in this appropriation - a total of \$44,682 cash funds exempt divided between the Contaminated Sites Personal Services and Operating Expenses line items (\$35,890 and \$1,129, respectively), and the Indirect Cost Assessment in the HMWMD's Administration subdivision (\$7,663). **Staff recommends approving this request, pending approval of the Department of Law's decision item for funding to continue to pursue RMA litigation** (the Department of Law submitted a FY 2007-08 decision item for \$1,922,695 General Fund). If the Department of Law receives funding for this purpose, the HMWMD will need the spending authority to continue its contract work in support of the litigation.

**Personal Services**

The request is for an appropriation of \$5,054,778 and 43.4 FTE **Staff recommends an appropriation of \$5,039,512 and 43.4 FTE.** The recommended fund mix is \$1,070,657 cash funds, \$35,711 cash funds exempt, and \$3,933,144 federal funds. The recommendation includes funding to annualize a FY 2006-07 supplemental that allows the Program to accept funding from the Department of Law to perform services related to the Rocky Mountain Arsenal litigation (described above). The source of the cash funds is the Hazardous Substance Response Fund and from fees collected pursuant to the Colorado Open Records Act. The source of cash funds is General Fund transferred from the Department of Law.

**If the Department of Law's RMA litigation decision item is not funded or not funded at the level requested, staff requests permission to adjust the cash funds exempt portion of this appropriation accordingly in consultation with the Department of Law and the Department of Public Health and Environment.**

<b>Summary of HMWM, Contaminated Sites Cleanups Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$1,054,054	\$0	\$3,952,909	\$5,006,963	43.4
FY 06-07 Salary Survey	\$0	\$21,983	\$0	\$0	\$21,983	0.0
FY 06-07 Supplemental	\$0	\$0	\$34,900	\$0	\$34,900	0.0
Annualize FY 06-07 Supp.	\$0	\$0	\$990	\$0	\$990	0.0
0.5 % Base Reduction	\$0	(\$5,380)	(\$179)	(\$19,765)	(\$25,324)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$1,070,657</b>	<b>\$35,711</b>	<b>\$3,933,144</b>	<b>\$5,039,512</b>	<b>43.4</b>

**Operating Expenses**

**Staff recommends the requested appropriation of \$241,270.** The funding is comprised of \$48,082 cash funds, \$1,129 cash funds exempt, and \$192,059 federal funds. The recommendation includes an increase of \$29 cash funds exempt related to the Division's contract with the Department of Law to support the state's Rocky Mountain Arsenal litigation (see page 67). **The cash funds exempt portion of the recommendation is pending approval of the Department of Law's decision item for funding to continue to pursue RMA litigation.** The source of the cash funds is the Hazardous Substance Response Fund and from fees collected pursuant to the Colorado Open Records Act. The source of cash funds exempt is General Funds transferred from the Department of Law.

**If the Department of Law's RMA litigation decision item is not funded or not funded at the level requested, staff requests permission to adjust the cash funds exempt portion of this**

**appropriation accordingly in consultation with the Department of Law and the Department of Public Health and Environment.**

**Contaminated Sites Operation and Maintenance**

This line item funds the long-term operation and maintenance at Superfund sites upon completion of remedies when there is no responsible party that can assume the costs. The line funds contractual services. **Staff recommends the requested continuing appropriation of \$2,088,864** comprised of \$260,186 cash funds and \$1,828,678 federal funds. The source of the cash funds is the Hazardous Substance Response Fund and from fees collected pursuant to the Colorado Open Records Act.

**Transfer to the Department of Law for CERCLA Contract Oversight-Related Costs**

This line item provides funding transferred to the Department of Law to clean up sites contaminated with hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The program in the Department of Law has specific authority over ten sites around the state as a result of litigation.

The request is for an appropriation of \$425,000 cash funds for 6,271 hours of service. **Staff recommends an appropriation for 6,271 hours of service, with the dollar amount pending common policy decision making on the Department of Law's hourly rate.** The source of the cash funds is the Hazardous Substance Response Fund and from fees collected pursuant to the Colorado Open Records Act.



## **(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION**

### **(F) Rocky Flats Agreement**

This federally-funded section has historically been used to pay for oversight of the cleanup at the Rocky Flats Environmental Technology Site (formerly the Rocky Flats Plant). All physical remedial activities at Rocky Flats were completed in October of 2005. The Comprehensive Risk Assessment and Remediation Feasibility Study were completed and approved on July 5, 2006. All hazardous waste units (tanks, storage pads, etc.) were closed and the Hazardous Waste Permit was terminated on July 26, 2006.

The hazardous waste post-closure requirements will be included in the RFLMA (Rocky Flats Legacy Management Agreement). The Record of Decision (ROD) was signed by EPA, DOE, and CDPHE on September 29, 2006. The Record of Decision requires no further remedial action. The post-closure agreement implementing the requirements of the ROD will be the Rocky Flats Legacy Management Agreement (RFLMA). The RFLMA will be signed in the first quarter of calendar year 2007. The ROD identified two main areas: one is completely clean and will be managed by U.S. Fish and Wildlife Service as a Wildlife Refuge, the other will be retained by the Department of Energy and managed by the its Office of Legacy Management.

The Division will continue to have a regulatory oversight role in the implementation of the RFLMA and in coordination with local communities and the EPA. The Division is responsible for monitoring long-term operations and maintenance of continuing remedy components (i.e., ground water cleanups, landfill caps), and closing out the administrative aspects of the regulatory process for site remediation. However, due to the reduction in oversight responsibilities, the Department is seeking base reductions of \$777,064 and 4.1 FTE.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recommd.</b>
Administrative Support Staff	0.3	0.2	0.2	0.2
Environ. Protection Specialists	3.7	2.4	2.4	2.4
Information Systems Staff	0.3	0.2	0.2	0.2
Laboratory Tech.	0.9	0.9	0.9	0.9
Management	0.1	0.3	0.3	0.3
Physical Science Tech.	1.7	1.4	1.4	1.4
Professional Engineers	0.2	0.1	0.1	0.1
Program Assistant	0.4	0.6	0.6	0.6
Staff / General Professionals	0.4	0.3	0.3	0.3
Base Reduction	0.0	0.0	-4.1	-4.1
<b>TOTAL</b>	<b>8.0</b>	<b>6.4</b>	<b>2.3</b>	<b>2.3</b>

### **Rocky Flats Program Costs**

**Staff recommends the requested appropriation of \$244,781 federal funds and 2.3 FTE**, which includes base reductions of \$777,064 and 4.1 FTE. The recommendation is summarized below. Staff did not apply the 0.5 percent base reduction because the reduction was greater.

<b>Summary of HMWM, Rocky Flats Program Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$0	\$0	\$1,021,845	\$1,021,845	6.4
Base Reduction	\$0	\$0	\$0	(\$777,064)	(\$777,064)	(4.1)
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$244,781</b>	<b>\$244,781</b>	<b>2.3</b>

### **Legal Services**

**Staff recommends the requested appropriation of 139 hours of Legal Services.** This recommendation includes a reduction of 261 hours. Even though site cleanup is essentially complete, there remain site-closing activities requiring some level of legal services support. The exact dollar appropriation will be determined after the statewide Legal Services rate for FY 2002-03 is established by the Committee.

**(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION**

**(G) Radiation Management**

The Radiation Management Program provides regulatory services for radioactive materials through review of license applications and inspections; contract services with local public health agencies for indoor radon testing, prevention, and education; and monitoring of low-level radioactive waste producers by ensuring proper and economically sound disposal.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	1.1	1.0	1.0	1.0
Environ. Protection Specialists	13.4	14.3	15.3	15.3
Information Systems Staff	0.6	0.0	0.0	0.0
Management	0.2	0.0	0.0	0.0
Physical Scientist	0.1	0.7	0.7	0.7
Professional Engineer	0.2	0.2	0.2	0.2
Program Assistant	1.2	1.3	1.3	1.3
Staff / General Professionals	2.6	3.0	3.0	3.0
<b>TOTAL</b>	<b>19.4</b>	<b>20.5</b>	<b>21.5</b>	<b>21.5</b>

**Personal Services**

The request is for an appropriation of \$1,768,781 and 21.5 FTE. **Staff recommends an appropriation of \$1,762,863 and 21.5 FTE.** The recommendation includes funding and 1.0 FTE for Decision Item #9, Radiation Control (see page 59). The recommended fund mix is \$1,556,311 cash funds, \$23,651 cash funds exempt, and \$182,901 federal funds. The source of the cash funds and cash funds exempt is the Radiation Control Fund.

<b>Summary of HMWM, Radiation Management Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$0	\$1,454,815	\$23,770	\$183,820	\$1,662,405	20.5
FY 06-07 Salary Survey	\$0	\$31,017	\$0	\$0	\$31,017	0.0
DI #9: Radiation Control Resources	\$0	\$77,908	\$0	\$0	\$77,908	1.0
0.5 % Base Reduction	\$0	(\$7,429)	(\$119)	(\$919)	(\$8,467)	0.0
<b>Staff Recommendation</b>	<b>\$0</b>	<b>\$1,556,311</b>	<b>\$23,651</b>	<b>\$182,901</b>	<b>\$1,762,863</b>	<b>21.5</b>

### Operating Expenses

**Staff recommends the requested appropriation of \$229,625.** The recommendation includes funding of \$8,480 cash funds associated with Decision Item #9, Radiation Control Resources (see page 59). The recommended appropriation is comprised of 72,139 cash funds and 157,486 federal funds. The source of the cash funds is the Radiation Control Fund.

### (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 Division has responsibility for the following programs:

- a. **The Dairy Inspection Program**, which inspects dairy farms; milk haulers, tankers and receivers; milk cooperatives; milk processing plants; and manufactured dairy product plants;
- b. **The Retail Food Service Inspection Program**, which inspects restaurants, grocery stores, school cafeterias, and food programs for the elderly;
- c. **The Wholesale Food Manufacturing and Storage Program**, which inspects food storage and warehouse facilities, food manufacturers, and shellfish dealers;
- d. **The Insect/Vector Control Program**, which monitors diseases that are spread by insects and rodents, such as encephalitis, the plague, and West Nile Virus;
- e. **The Environmental Institutions Program**, which inspects child care centers, summer camps, public and private schools, and private correctional facilities;
- f. **The Health Fraud Program**, which prepares and disseminates information related to potentially harmful and/or recalled products;
- g. **The Drug/Medical Device Program**, which inspects body art facilities, drug manufacturers, and medical device manufacturers; and
- h. **Other regulatory responsibilities**, such as inspecting tanning facilities and responding to complaints about hotels, motels, mobile home park operators, and camp ground operators.

**WHOLESALE FOOD PROGRAM REPEAL**

Pursuant to Section 25-5-426, C.R.S., the Department is empowered to register wholesale food manufacturers and storage facilities. The statute authorizing the program and its fees is scheduled to expire July 1, 2007. The Department calculated its request to refinance the lost cash funds with General Fund; it reports that it is pursuing a bill this session to reinstate the fees and is working with a sponsor. However, since the bill has not passed, staff must figure-set to current law and assume that the Wholesale Food Program and its fees will be repealed. The effect of the repeal, by line item, is outlined below.

**Reductions due to Wholesale Food Program Repeal**

Consumer Protection Division Line Item	Reduction
<b>TOTAL</b>	<b>Total - CF<sup>a</sup> (174,932)</b>
	<b>FTE (1.5)</b>
Personal Services	Total (148,851)
	FTE (1.5)
Operating Expenses	Total (199)
Indirect Cost Assessment <sup>b</sup>	Total (25,882)

<sup>a</sup> The source of cash funds is the Wholesale Food Manufacturing and Storage Protection Cash Fund.

<sup>b</sup> The amount of reduced Indirect Cost Assessments is only an estimate. The FY 2007-08 indirect cost rate for the Department will be set once figure-setting is complete.

## DI #4: COMPUTER EQUIPMENT FOR RETAIL FOOD CONTRACTORS

This decision items seeks \$64,872 General Fund to provide one-time funding for laptops and mobile printers that would allow local health agency inspectors to directly input inspection data at the point of inspection.

**Background.** The Consumer Protection Division (CPD) is responsible for state-wide licensing and inspection of retail food establishments, including restaurants, cafeterias, grocery stores, as well as schools, child care centers, and summer camps. The CPD contracts with 18 local public health agencies to provide these services in 21 counties not served by organized local health departments or the CPD itself.

Prior to FY 2005-06, all inspection reports were handwritten by inspectors while on-site, then copied and sent to the program's main office, where the information from the report was entered into a database by an administrative assistant. In a FY 2002-03 performance audit, the State Auditor's Office recommended that the Department automate the recording and reporting of inspection results. As a result, in FY 2005-06, the Department requested and the Committee approved funding to create a web-based database for the Division.

Currently, only the inspections conducted by CPD are directly entered into the database. Local health departments that contract with the Division maintain their own inventories; the CPD database is not designed to accommodate them. However, the 18 local health agencies that contract with the Division to conduct these inspections in 21 counties still hand write the inspection reports. These reports are first submitted to CPD for review and then forwarded to the Department of Personnel and Administration (DPA), Division of Central Services, to input into the database. The delay from inspection to entry into the database can be from two to six weeks.

**The Request.** The request is for \$64,872 General Fund in one-time funding to provide laptops and mobile printers that would allow the inspectors of the 18 local health agencies to directly input inspection data at the point of inspection. These inspectors inspect 3,295 facilities and conduct an estimated 5,125 inspections annually.

The inspectors require both laptops and printers, as regulations require them to provide a copy of the inspection report to the facility by the end of the following work day (currently inspections are written on three part carbon paper with one copy given to the establishment's operator). The equipment would be owned by the contractors; the state would not be obligated to replace hardware in future years. The counties are aware that they would have to replace the equipment through their own equipment replacement plans. The state has purchased hardware for counties and other political subdivisions in the past; for example, the Department regularly purchases printers and computers for local providers of the Temporary Aid to Needy Families Supplemental Food Program.

**Recommendation.** This request is being sought, in part, in response to the FY 2002-03 performance audit conducted by the State Auditor's Office (SAO). The SAO recommended that the Department automate the recording and reporting of inspection results. The Auditor's report recommended that the Division record data on violations and follow-up efforts, and monitor inspection information on an on-going basis. The Department is now seeking funding to address these recommendations by finishing its transition to use of a web-based database service that would allow inspectors to directly input data while on site at the inspection.

Therefore, **staff recommends appropriations totaling \$62,372 for this decision item.** The recommendation is less than what was requested because the Department did not reduce its request by the cost of the unneeded contract with DPS Central Services (\$2,500). Staff does not recommend a commensurate reduction in the DPS' cash funds exempt appropriation because the Consumer Protection Division's contract represents only a small fraction of its total work, and reducing the its cash funds exempt spending authority limits the amount of services is can provide other agencies that might have increases in their workload. The recommended funding changes, by line item, are shown in the table below.

**Funding Breakdown for DI #4, Computer Equipment for Retail Food Contractors**

CPD Line Item		Recommendation <sup>a</sup>
<b>TOTAL</b>	<b>Total</b>	<b>62,372</b>
Capital Outlay <sup>a</sup>	Total - GF	64,872
Personal Services	Total - CF	(2,500)

<sup>a</sup> It should be noted that the Department requested that this funding be appropriated to the Division's Operating Expenses line item. However, since these are one time costs, staff is recommending that they be appropriated to the Division's Capital Outlay line item.

<b>Staffing Summary</b>	<b>FY 2005-06 Actual</b>	<b>FY 2006-07 Approp</b>	<b>FY 2007-08 Request</b>	<b>FY 2007-08 Recomm.</b>
Administrative Support Staff	1.9	2.2	2.2	2.2
Environ. Protection Specialists	18.2	19.5	19.5	18.0
Information Systems Staff	0.9	1.0	1.0	1.0
Management	1.0	1.0	1.0	1.0
Staff /General Professionals	2.6	4.1	4.1	4.1
<b>TOTAL</b>	<b>24.6</b>	<b>27.8</b>	<b>27.8</b>	<b>26.3</b>

### **Personal Services**

The request was for an appropriation of \$2,075,913 and 27.9 FTE. **Staff recommends an appropriation of \$1,914,192 and 26.3 FTE.** The recommended fund mix is \$1,079,213 General Fund, \$485,806 cash funds, \$71,188 cash funds exempt, and \$277,985 federal funds. The recommendation includes: annualizing the FY 2006-07 supplemental for costs associated with implementing H.B. 06S-1023; a reduction related to Decision Item #4 (Computer Equipment for Retail Food Contractors, page 75); a reduction related to the statutory repeal of the Wholesale Food Program (discussed on page 74); and the 0.5 percent base reduction. The recommendation is summarized in the table below.

The sources of cash funds are the Food Protection Cash Fund, the Wholesale Food Manufacturing and Storage Protection Cash Fund, and the Artificial Tanning Device Education Fund, and various other sources of cash funds. The sources of cash funds exempt are transfers from the Department of Corrections and the Department of Human Services, and reserves in the Food Protection Cash Fund.



<b>Summary of Consumer Protection Division Personal Services Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$1,061,027	\$624,407	\$68,157	\$279,382	\$2,032,973	27.8
FY 06-07 Salary Survey	\$20,353	\$12,698	\$3,389	\$0	\$36,440	0.0
FY 06-07 Supplemental	\$1,628	\$1,627	\$0	\$0	\$3,255	0.0
Annualize FY 06-07 Supp.	\$1,628	\$1,627	\$0	\$0	\$3,255	0.0
DI #4: Computer Equip. for Retail Food Contractors	\$0	(\$2,500)	\$0	\$0	(\$2,500)	0.0
Wholesale Food Program Repeal	\$0	(\$148,851)	\$0	\$0	(\$148,851)	(1.5)
0.5 Percent Base Reduction	(\$5,423)	(\$3,202)	(\$358)	(\$1,397)	(\$10,380)	0.0
<b>Staff Recommendation</b>	<b>\$1,079,213</b>	<b>\$485,806</b>	<b>\$71,188</b>	<b>\$277,985</b>	<b>\$1,914,192</b>	<b>26.3</b>

### Operating Expenses

The request is for an appropriation of \$174,342. **Staff recommends an appropriation of \$109,271** comprised of \$20,508 General Fund, \$51,311 cash funds, \$8,900 cash funds exempt, and \$28,552 federal funds. This recommendation includes a reduction of \$199 cash funds due to the repeal of the Wholesale Food Program (see page 74). The reason the recommendation is so much less than the request is that the request included capital costs associated with Decision Item #4, Computer Equipment for Retail Food Contractors (see page 75); staff recommends those costs be appropriated to the Division's Capital Outlay line item. Details are provided in the table below. The sources of cash funds exempt are transfers from the Department of Corrections and the Department of Human Services, and reserves in the Food Protection Cash Fund.

<b>Summary of Consumer Protection Division Operating Expenses Recommendation</b>						
	GF	CF	CFE	FF	TOTAL	FTE
2006 Long Bill Approp.	\$20,508	\$51,510	\$8,900	\$28,552	\$109,470	0.0
Wholesale Food Program Repeal	\$0	(\$199)	\$0	\$0	(\$199)	0.0
<b>Staff Recommendation</b>	<b>\$20,508</b>	<b>\$51,311</b>	<b>\$8,900</b>	<b>\$28,552</b>	<b>\$109,271</b>	<b>0.0</b>

### Capital Outlay

**Staff recommends an appropriation of \$64,872 General Fund** relating to Decision Item #4, Computer Equipment for Retail Food Contractors (see page 75). The Department requested this appropriation be made to the Division's Operating Expenses line item, but because the funding is one-time only, staff recommends it be appropriated here.

**Indirect Cost Assessment**

**Pending.** Once Committee action on all line items is final, staff will work with the Department to obtain the final indirect cost assessments.

## LONG BILL FOOTNOTE UPDATE

**N**     **DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, AIR POLLUTION CONTROL DIVISION** -- THE DEPARTMENT IS REQUESTED TO SUBMIT A REPORT ON THE AIR POLLUTION 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: The Air Pollution Control Division is seeking a substantial increase in resources over several years. Therefore, staff recommends asking the Department to provide an update of the Division's current and anticipated workload and resources needs. This information would be useful to the Legislature and staff in assessing the Division's resource needs and evaluating its requests for additional resources. **Staff recommends the addition of this footnote.**

**N**     **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.

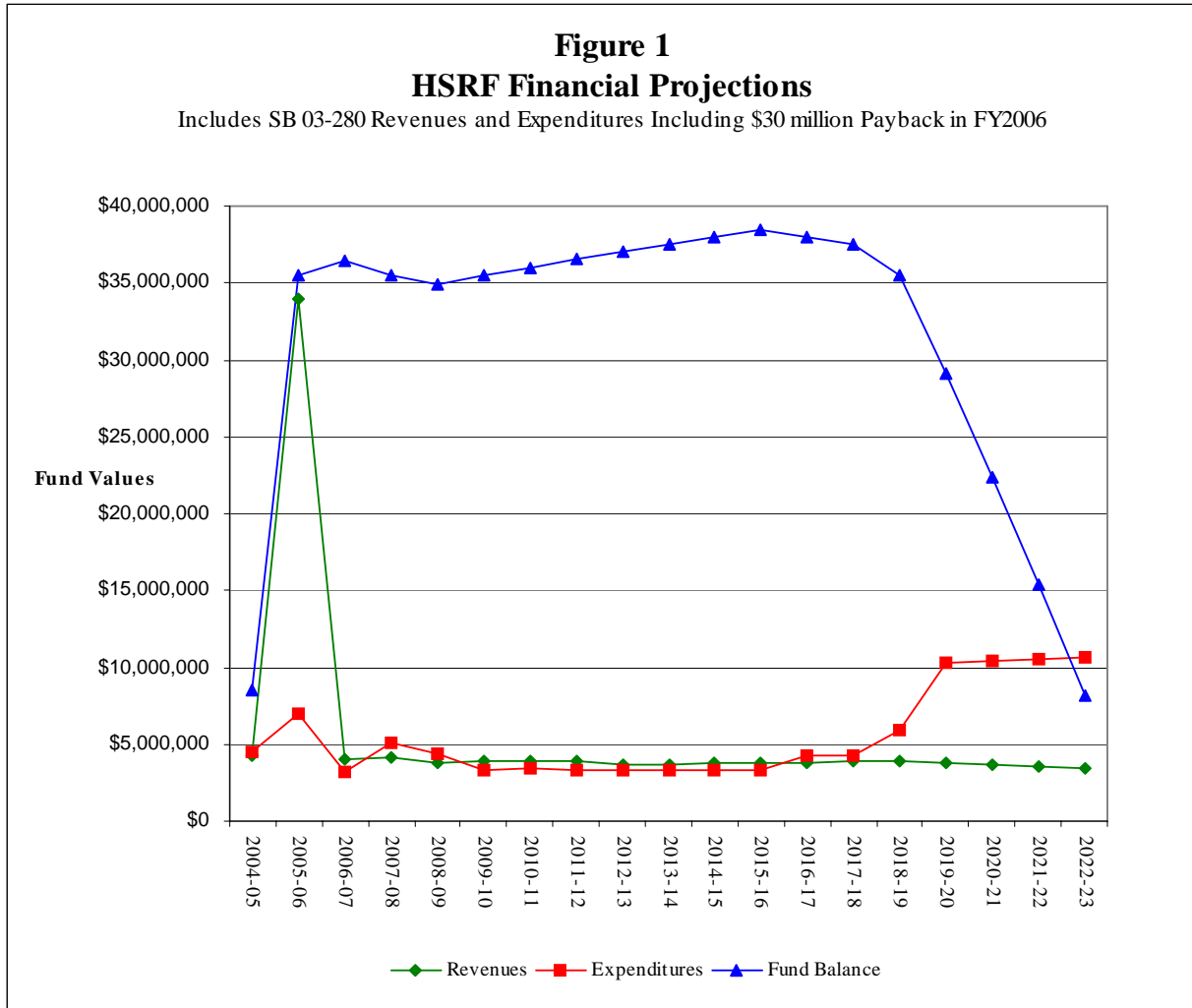
Comment: The Water Quality Control Division is seeking a substantial increase in resources over several years. Therefore, staff recommends asking the Department to provide an update of the Division's current and anticipated workload and resources needs. This information would be useful to the Legislature and staff in assessing the Division's resource needs and evaluating its requests for additional resources. **Staff recommends the addition of this footnote.**

**102 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. ~~This report is requested to be provided to the Joint Budget Committee by no later than November 1, 2006.~~ THE DEPARTMENT IS REQUESTED TO SUBMIT THIS REPORT TO THE JOINT BUDGET COMMITTEE WITH ITS BUDGET REQUEST.

Comment: The Governor vetoed this footnote on the grounds that it interferes with the ability of the executive branch to administer an appropriation; it may constitute substantive legislation; and it requires a substantial dedication of resources. He directed to department to comply to the extent feasible. The Department complied with this footnote.

As discussed in the CERCLA program briefing issue presented in December 2006, the Hazardous Substance Response Fund (HSRF) balance has fluctuated greatly in recent years. Revenue for the HSRF comes from a portion of solid waste tipping fees. Prior to the 2002 legislative session, the fund balance had grown to over \$30 million in preparation for the state's long-term financial obligations under CERCLA. However, in 2002, the Legislature transferred \$30 million from the HSRF to the General Fund to help address the state's budget crisis (H.B. 02-1391). For several years, the projections of the HSRF showed it would be insolvent in less than ten years.

Then, in January 2006, state revenues were up and the \$30 million was repaid to the HSRF as provided for in statute. At present, the Department estimates that the HSRF will remain solvent through FY 2024-25; see Figure 1 below.



While this forecast is reassuring, there are factors that can change the projections:

- (1) Changes in federal policies have been discussed that could significantly increase the state's financial responsibilities under CERCLA.
- (2) Asarco, a company responsible for over \$113 million in CERCLA-related damages in Colorado, declared bankruptcy this year. Although the state is still going to pursue payment for Asarco's obligations, it is evident nationally that Asarco's liabilities far exceed their resources. Should the state fail to receive payment for all or some of its CERCLA claims against Asarco, those costs will fall on the state.

- (3) The designation of new Superfund sites, the discovery of additional contamination on existing sites, and/or changes in required clean-up levels or remediation requirements at existing sites could result in additional costs to the state.

Since the state's long-term financial responsibilities under CERCLA are so great (over \$10 million per year beginning in FY 2019-20), and since there are several variables that could significantly increase the state's financial obligations under CERCLA, **staff recommends continuing this footnote as amended.** The footnote is provides information useful in understanding the state's long-term responsibilities and funding needs under the CERCLA program, and it is valuable to the Legislature to know of any changes in the HSRF forecast so it can respond accordingly.

# MEMORANDUM

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**TO:** Joint Budget Committee

**FROM:** Stephanie Walsh, JBC Staff (303-866-2062)

**SUBJECT:** CDPHE - Environment, Staff Comeback

**DATE:** March 15, 2007

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The Department of Public Health and Environment requested and received a FY 2006-07 supplemental reduction of \$26,058 cash funds exempt spending authority from the AIR Account of the Highway Users Tax Fund, and 0.2 FTE, due to the cessation of the Basic Inspection and Maintenance (IM) program in Colorado Springs, Fort Collins, and Greeley. The program stopped inspecting cars on December 31, 2006; however, some staff was needed to wind-down the program through February.

For FY 2007-08, this reduction needs to be annualized. However, in the figure-setting packet dated February 13, 2007, page 34, staff incorrectly annualized the reduction. The table below shows the incorrect recommendation from the figure-setting packet and the corrected recommendation.

## **Air Quality Control Division, Mobile Sources, Inspection and Maintenance Technical Corrections**

<b>Line Item</b>	<b>Incorrect Recommendation</b>	<b>Corrected Recommendation</b>
Personal Services	\$675,664 and 9.0 FTE	\$694,239 and 9.2 FTE
Operating Expenses	\$18,996	\$28,450

The recommendations are for cash funds exempt spending authority from the AIR Account of the Highway Users Tax Fund.