COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2016-17 STAFF BUDGET BRIEFING

DEPARTMENT OF NATURAL RESOURCES

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

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TABLE OF CONTENTS

Department Overview 1

Department Budget: Recent Appropriations 2

Department Budget: Graphic Overview 3

General Factors Driving the Budget 5

Summary: FY 2015-16 Appropriation & FY 2016-17 Request 17

Issues:

Status of the Severance Tax Operational Fund 19

Projected Revenue Shortfall in the Oil and Gas Conservation and Environmental Response Fund 27

Water Quality Issues at Legacy Mine Sites 34

CPW R2 Request for Radio Replacement and Cash Funds Status 43

Informational: State Land Board Public School Trust Revenues and FY 2016-17 Requests (R1 and R3) 48

Appendices:

A - Numbers Pages A-1

B - Recent Legislation Affecting Department Budget B-1

C - Update on Long Bill Footnotes & Requests for Information C-1

D - SMART Act Annual Performance Report and Performance Plan D-1

E – RFI #3 OGCC Risk Based Inspections and Facilities Integrity Group E-1

F – RFI #4 OGCC Special Environmental Protection Mitigation Studies Report F-1

G - Briefing Slides G-1

DEPARTMENT OF NATURAL RESOURCES

Department Overview

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The Department is comprised of the following divisions:

- The **Executive Director's Office** develops department-wide policies and provides administrative and technical support for Department divisions including: budgeting, accounting, financial management, human resources services, and the coordination of public information and environmental education.[1]

- The **Division of Reclamation, Mining, and Safety** (DRMS) regulates development and reclamation at mining sites, reclaims abandoned mine sites, and provides safety training for mine operators and employees.

- The **Oil and Gas Conservation Commission** (OGCC) promotes the exploration, development, and conservation of Colorado's oil and natural gas resources by issuing permits, conducting inspections, pursuing enforcement actions, and engaging in public outreach efforts.

- The **State Board of Land Commissioners** (State Land Board) manages agricultural, commercial, mineral, and other leases on state-owned lands to generate reasonable and consistent revenue for public schools and other trust beneficiaries over time.

- The **Division of Parks and Wildlife** (CPW) provides recreational opportunities at 42 state parks, manages 960 game and non-game wildlife species, issues hunting and fishing licenses, enforces wildlife regulations, and administers more than 300 state wildlife areas.

- The **Colorado Water Conservation Board** (CWCB) works to conserve, develop, and protect the state's water resources to ensure adequate water supply, maximize beneficial use, and reduce the impact of flooding and drought.

- The **Division of Water Resources** (State Engineer's Office) administers and enforces water rights, issues well permits, monitors streamflow and water use, regulates dam construction and safety, and represents Colorado in interstate water compact proceedings.

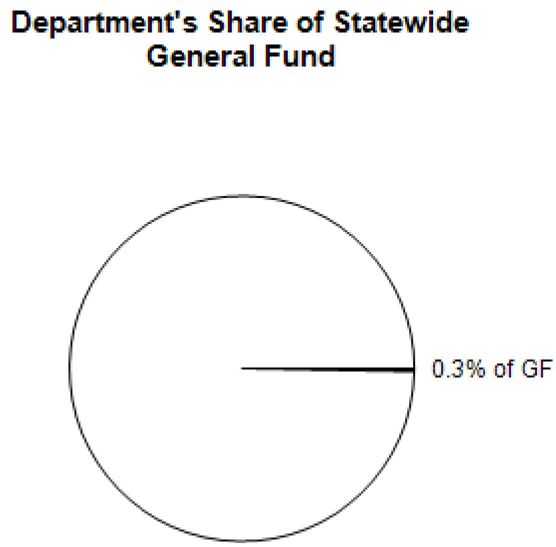
[1]Pursuant to H.B. 12-1355, the Colorado Geological Survey was transferred out of the Department of Natural Resources to the Colorado School of Mines, effective January 31, 2013. The Colorado Avalanche Information Center (CAIC) remains with the Department of Natural Resources in the Executive Director's Office (H.B.13-1057).

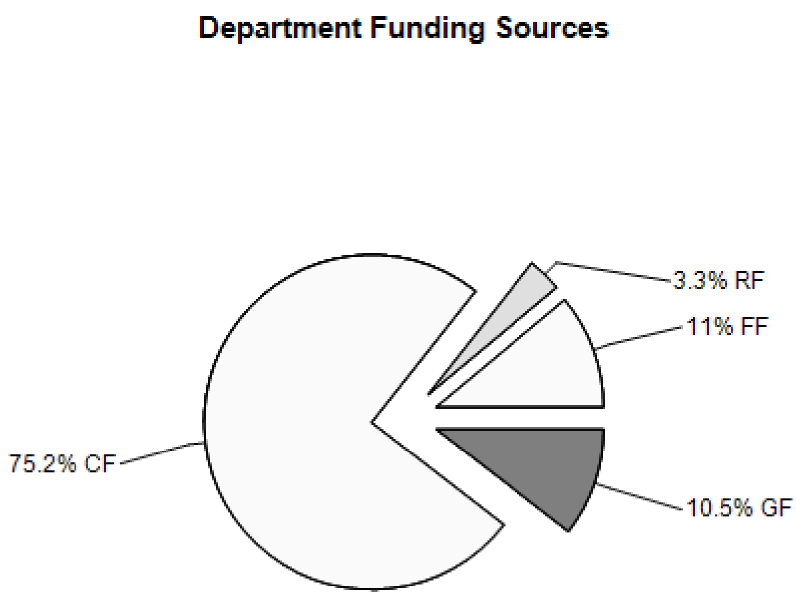
Department Budget: Recent Appropriations

Funding Source	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 *
General Fund	$25,126,713	$26,309,329	$27,671,518	$28,861,640
Cash Funds	215,232,947	192,487,142	198,404,864	192,979,271
Reappropriated Funds	8,778,322	8,103,450	8,701,045	8,025,162
Federal Funds	28,538,422	28,852,895	29,141,800	27,101,500
Total Funds	**$277,676,404**	**$255,752,816**	**$263,919,227**	**$256,967,573**
Full Time Equiv. Staff	1,439.1	1,444.7	1,462.6	1,462.7

*Requested appropriation.

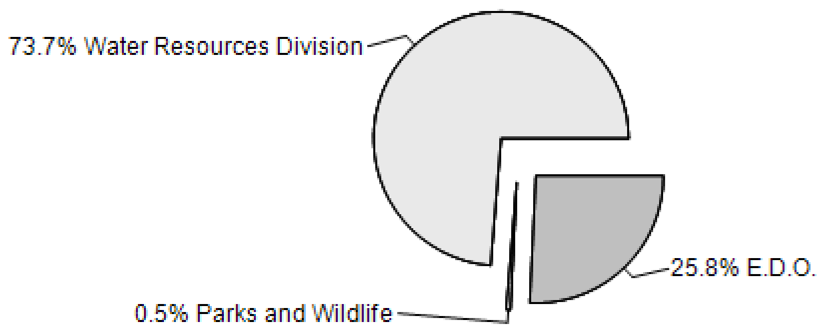
Department Budget: Graphic Overview



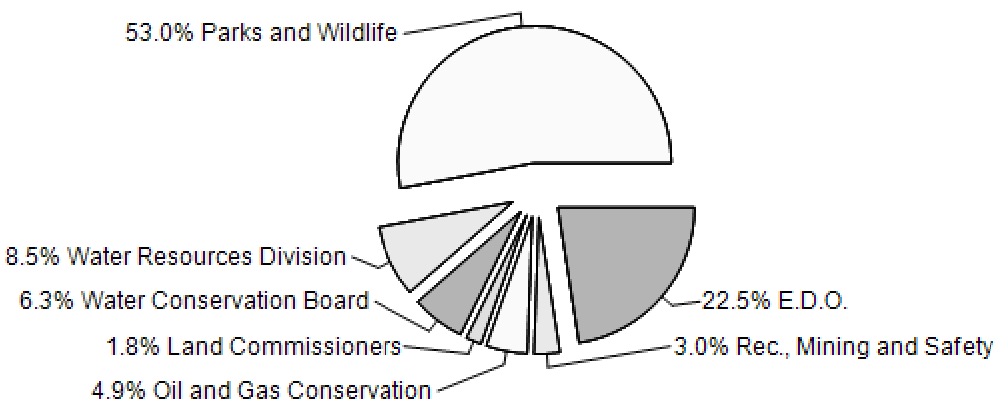


All charts are based on the FY 2015-16 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2015-16 appropriation.

General Factors Driving the Budget

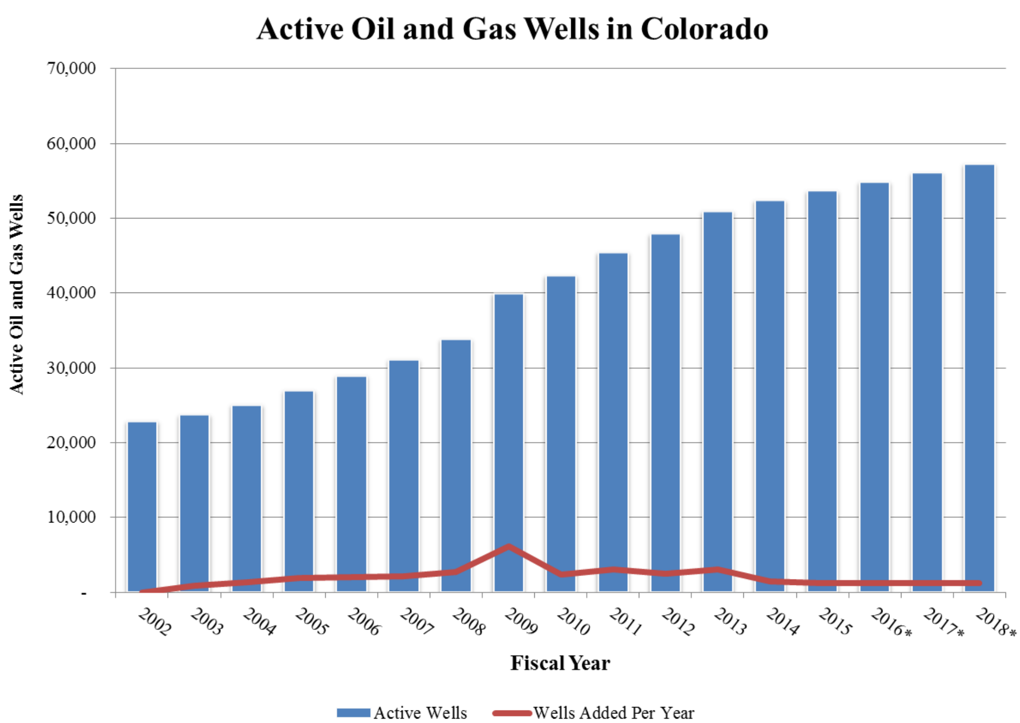
The FY 2016-17 budget request for the Department of Natural Resources consists of 11.2 percent General Fund, 75.1 percent cash funds, 3.1 percent reappropriated funds, and 10.6 percent federal funds.

OIL AND GAS ACTIVITY

The production and price of oil and gas impacts workload and major sources of revenue for a number of the divisions in the Department of Natural Resources:

- Approximately 65 percent of cash funds revenue for the *OGCC* comes from the Oil and Gas Conservation and Environmental Response Fund, which is supported by a mill levy on the market value of oil and gas at the well.
- All but two divisions in the Department receive some form of *severance tax revenue*, 96.0 percent of which comes from oil and gas production.
- Record royalty, bonus, and rental payments for oil and gas leases on state lands generated almost $158.0 million in total trust revenue for the *State Land Board* during FY 2014-15.

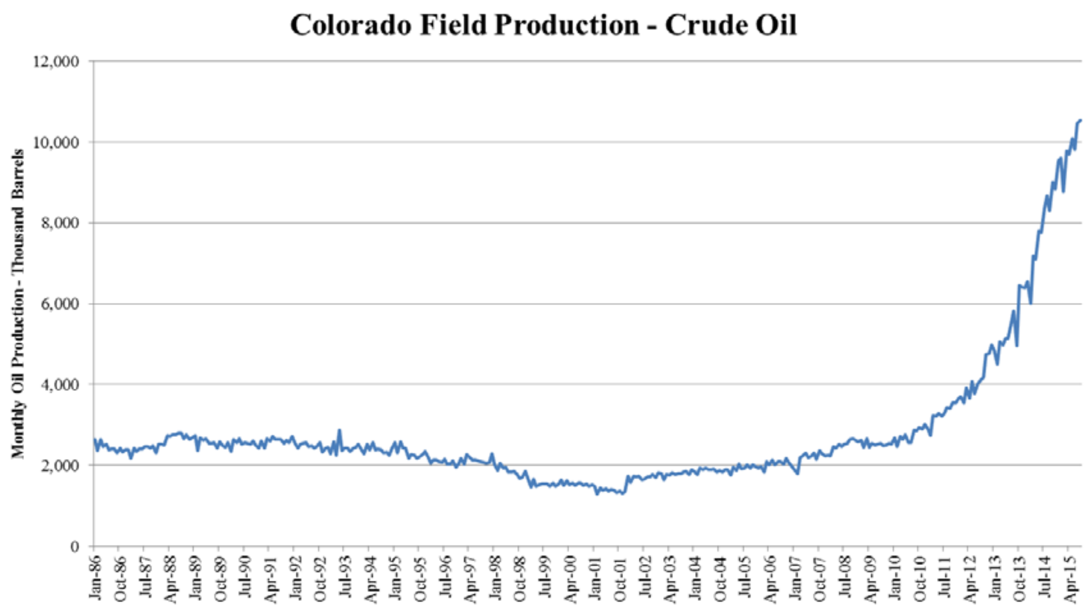
Colorado has experienced significant growth in oil and gas development over the past decade. It ranks sixth for production of both oil and gas, and now supplies approximately 1 in every 50 barrels of oil output from the United States. As shown in the following figure, the number of active oil and gas wells in the state has doubled over the past 10 years and is projected to reach 57,200 wells by the end of FY 2017-18.

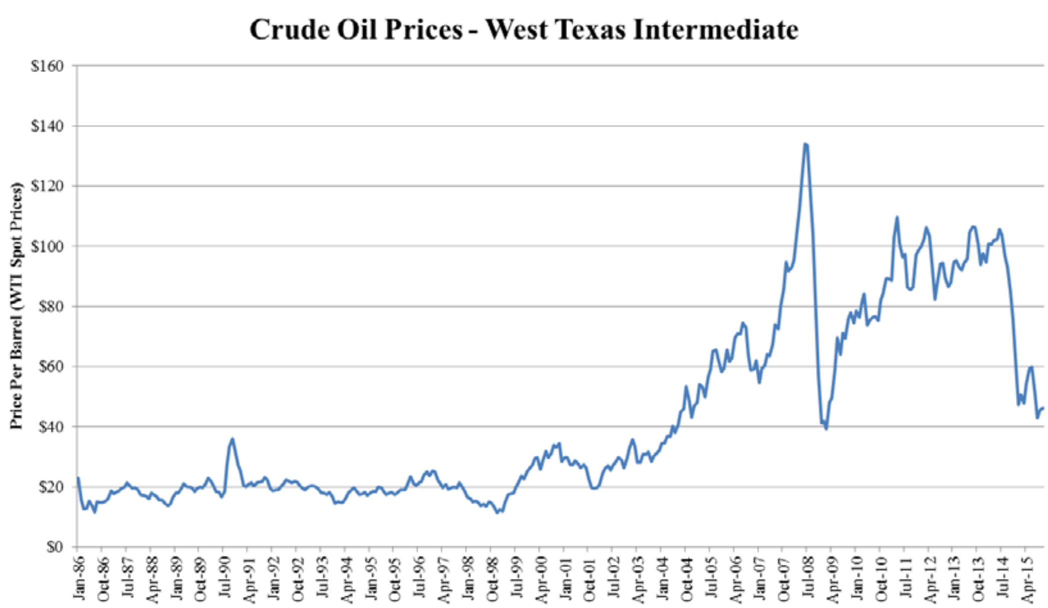


* Estimated active well count.

Oil and gas development is concentrated in six counties, which account for 87.0 percent of the active wells in the state. Over 42 percent of all active wells are located in Weld County alone, as are 65.0 percent of the drilling permits submitted so far in 2015. The net increase in the number of active wells over time indicates that more oil and gas wells are currently being drilled than plugged, though the number of new wells added has slowed to about 1,200 per year.

Trends in Production and Prices
The following figures show monthly oil production and prices through August and October 2015 respectively:





*Source for monthly production and price data: U.S. Energy Information Administration.

Oil production in Colorado has increased substantially in the last five years due to strong oil prices and the adoption of horizontal drilling and hydraulic fracturing. This trend has continued in spite of the collapse in oil prices and a decline in operating drill rigs, partly because technological advances have increased efficiency even within the last year. For example, the first horizontal well took months to complete in 2010 but would only take 3-5 days to finish if drilled today, and a single drill rig can now drill enough wells to replace 6-8 conventional vertical wells. Overall, production tends to have some inertia and it takes time to respond to changes in market conditions. The OGCC tracks production carefully and anticipates a decrease in the near future but does not have a precise estimate as to when that downturn will occur.

Oil prices peaked over $100 per barrel in mid-2014 but have fallen by more than half to a five-year low in the $40 per barrel range today. Even with increasing production, the drop in price has already had a profound effect on revenue projections for fund sources that are closely tied to oil and gas. Current projections show a small and slow recovery for oil prices over the next several years with a projected average price of approximately $54 per barrel in 2018. In general, forecasts for oil prices become less reliable farther into the future and there is a wide confidence interval around price estimates one year from now (i.e. the lower limit is $27 per barrel and the upper limit is $103 per barrel for NYMEX futures prices in December 2016). However, the ongoing low prices compounded by the anticipated decrease in production will likely continue to impact revenue derived from oil and gas for the next several years.

Oil and Gas Conservation Commission

As the agency responsible for overseeing oil and gas development in the state, OGCC workload and revenues are directly affected by drilling activity, active well count, and market conditions.

OGCC Workload
In response to increasing workload related to inspections, permitting, and enforcement, the General Assembly has approved the addition of 41.3 FTE for the OGCC over the past four legislative sessions. This includes 14.0 FTE added in FY 2015-16: 2.0 FTE requested by the Department and 12.0 FTE recommended by the Governor's Oil and Gas Task Force. All new positions have been filled and the OGCC reports only four total vacancies agency-wide. At present, the OGCC has 30 field inspectors on staff, which yields an average inspection frequency of 1.4 years per active well.

The OGCC indicated that it is difficult to predict the impact of ongoing low oil prices on other workload measures, as the last downturn was relatively short. The following table summarizes the change in price, production, and workload measures between FY 2013-14 and FY 2015-16. It also includes the percentage change in the same measures during the last downturn (between 2008 and 2010) for comparison:

Oil and Gas Prices, Production, and OGCC Workload Measures						
	Fiscal Year					
	FY 2013-14	FY 2014-15	FY 2015-16 (July-Oct)	FY 2015-16 Estimated	FY14-FY16 % Change	2008-2010 % Change
Oil & Gas Prices and Production						
Oil (WTI Spot Prices)	$101.36	$69.65	$46.16	-	**(54.5%)**	(20.3%)
Gas (Henry Hub Spot Prices)	$4.29	$3.35	$2.59	-	**(39.6%)**	(50.7%)
CO Oil Production (bbls)	78,429,526	106,836,197	-	133,037,426	**69.6%**	10.8%
CO Gas Production (MMCF)	1,622,727	1,669,628	-	1,652,283	**1.8%**	8.5%
OGCC Workload Indicators						
Active Wells	52,337	53,608	539,898	54,478	**4.1%**	16.0%
Form 5 and 5As Received/1	6,169	5,612	1,596	4,788	**(22.4%)**	(5.0%)
APDs Received/2	4,401	3,895	1,276	3,828	**(13.0%)**	(32.1%)
Hearing Applications Received	614	672	441	882	**43.6%**	42.2%
Complaints Received	196	318	113	339	**73.0%**	(1.8%)
Remediation Projects Received	546	552	156	468	**(14.3%)**	97.3%
Appropriated FTE	95.4	96.3	110.3	-	**15.6%**	32.7%

/1 Completion and Completion Interval Reports
/2 Applications for Permits to Drill

Similar to the last downturn, the OGCC expects that some workload measures will increase while others decline. For example, applications submitted to the permitting units have decreased but workload associated with active wells is continuing (e.g. inspections, complaints, monthly productions reports). There is also a growing inventory of wells that require inspection for final reclamation or that require reclamation work supervised by the OGCC. This will continue to increase as some companies dissolve before completing operations and meeting obligations for reclamation at production sites. In general, the market downturn seems likely to redistribute workload across units in the OGCC, rather than decrease it for the entire agency.

OGCC Cash Funds Revenue
The two main sources of revenue for the OGCC are both closely tied to oil and gas price and production. Approximately 35 percent of cash funds supporting the OGCC come from the Severance Tax Operational Fund. The other 65 percent is from the Oil and Gas Conservation and Environmental Response Fund (Response Fund), which is primarily supported by a mill levy on oil and natural gas production. *Please see the issue brief starting on page 19 for additional information on the Severance Tax Operational Fund and the issue brief starting on page 27 for an analysis of projected cash fund revenue for the Response Fund.*

Severance Tax Revenue

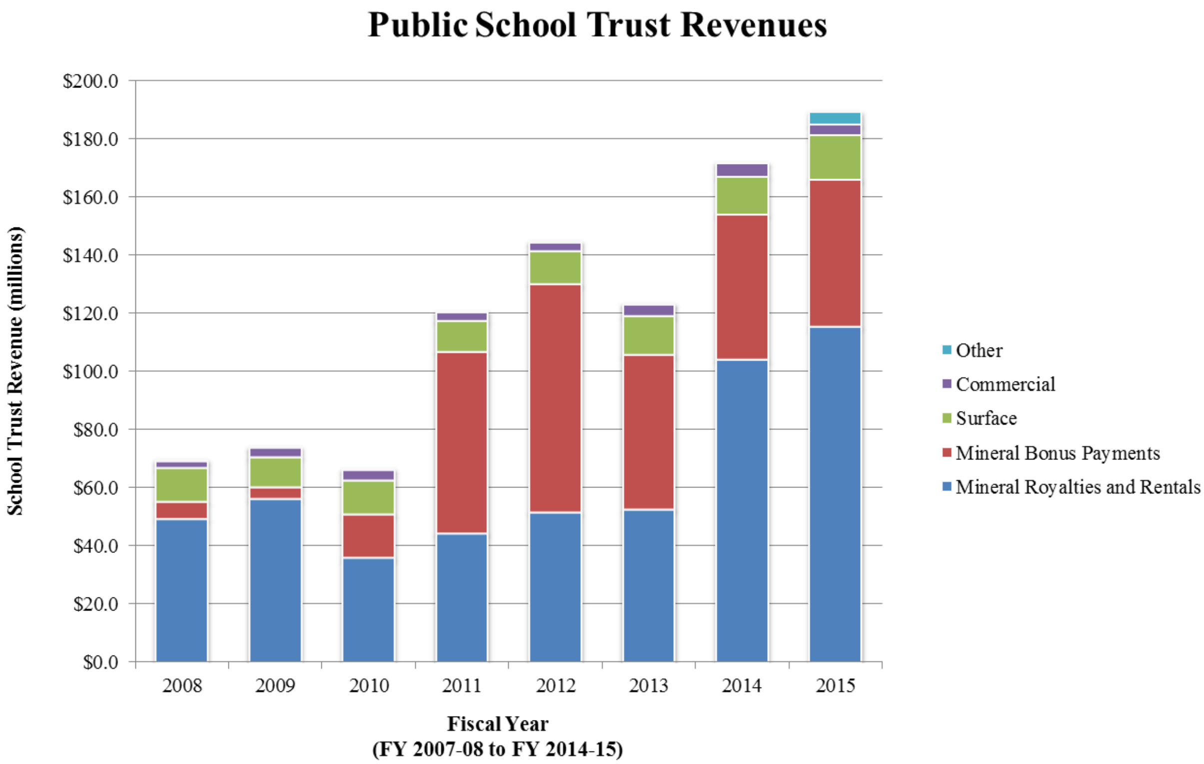
Colorado levies a tax on the severance of non-renewable resources including oil and gas, coal, molybdenum, and metallic minerals. The DNR administers 50.0 percent of total severance tax revenue which is credited to the Severance Tax Trust Fund for "programs that promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water" (Section 39-29-109, C.R.S.). This revenue is split equally between the Operational Fund, used to support Department programs and personnel, and the Perpetual Base Fund, which provides loans or grants for water projects. *Please see page 14 of this packet for information on the Perpetual Base Fund, and the issue brief starting on page 19 for more information on the status of the Operational Fund.*

Oil and gas production has accounted for approximately 95.0 percent of total severance tax revenue for at least the last five years. As a result, the impact of ongoing low oil prices is reflected in projections of severance tax revenues for the next several years. The September 2015 Legislative Council Staff revenue forecast shows total severance tax revenues at $96.2 million for FY 2015-16, which represents a 64.6 percent decrease from projected revenue for the prior year. The forecast for FY 2016-17 currently shows some recovery, with severance tax revenues increasing to $167.9 million.

State Land Board Trust Revenue

The State Board of Land Commissioners (State Land Board) had another year of record-breaking trust revenues in FY 2014-15, totaling $191.4 million. This represents a 10.2 percent increase over the previous fiscal year and exceeds the prior record high by $17.8 million. Most of this increase was driven by oil and gas royalties, which increased by 3.4 percent (oil) and 11.3 percent (gas) respectively since FY 2013-14. Together, oil and gas bonuses, royalties, and rentals accounted for 82.7 percent of the State Land Board's total trust revenue in FY 2014-15.

The Public School Trust (School Trust) benefiting K-12 education is the largest of the eight trusts managed by the State Land Board, accounting for more than 98.0 percent of total trust revenues over the past five years. *Please see the issue brief starting on page 48 for additional information on State Land Board revenue and the Public School Trust.* The following figure shows actual revenues for the School Trust from FY 2007-08 to FY 2014-15:



Pursuant to Section 22-43.7-104 (2) (I) (B), C.R.S., 50.0 percent of gross School Trust revenue is credited to the Public School Capital Construction Assistance (B.E.S.T.) Fund to support capital construction projects for improving facilities in public schools.[2] The other half of the revenue is distributed as follows:

- Approximately $6.0 million supports State Land Board operating and personal services expenditures authorized in the annual Long Bill.
- Up to $5.0 million is credited to the State Land Board Investment and Development Fund to be used to re-invest in and add value to state properties, and to enhance the State Land Board's portfolio and income.
- Any remaining revenue becomes part of the principal in the Public School Permanent Fund. Interest from the Permanent Fund is then used as part of the money allocated to Colorado public school districts under the School Finance Act.

The State Land Board also manages seven smaller trusts set up in either the Colorado Constitution or in statute. These trusts benefit a range of entities including institutions of higher education, state parks, and the Department of Corrections. Revenues for these trusts ranged from $27,700 to $1.1 million in FY 2014-15, and account for the remaining 1.5 percent of total revenues for the Land Board.

[2] A minimum of $40.0 million is required to be diverted to the BEST Fund annually. If 50.0 percent of gross revenue is less than that amount, part of the transfer to the Public School Permanent Fund can be diverted to make up the difference.

DIVISION OF PARKS AND WILDLIFE

Colorado Parks and Wildlife (CPW) makes up just over 50 percent of the Department's total budget and, with the exception of a small General Fund appropriation from H.B. 15-1045 (Veterans Entrance Fee State Parks), is completely supported by cash and federal funds. CPW was formed by S.B. 11-208, which merged the Division of Parks and Outdoor Recreation and the Division of Wildlife. The bill did not merge the appropriations of the two former divisions or provide any consolidation of line items. In 2014, the General Assembly approved a reorganization of the CPW Long Bill to more accurately reflect the post-merger organizational structure.

State Parks

The State Parks section of CPW manages 42 state parks and several special purpose programs including: the snowmobile program, the off-highway vehicle program, river outfitters regulation, aquatic nuisance species control and prevention, and the distribution of grants. Workload and some revenue for park operations (e.g. park passes, camping fees etc.) are driven by visitation, as detailed in the following table:

State Parks Visitation

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimate
State Parks Visitation	11,501,520	11,948,406	12,464,445	12,713,734
Percent Change	*(6.0%)*	*3.9%*	*4.3%*	*2.0%*

The two largest sources of revenue for State Parks are lottery funds (36.0 percent) and fees from park passes and camping (30.0 percent), followed by other state and federal funds including severance tax. These revenues are detailed in the table below:

State Park Revenues

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimate
Licenses, Passes, Fees, and Permits	$19,125,550	$19,844,081	$22,038,596	$22,000,000
Registrations	8,295,423	8,526,903	8,800,225	8,800,000
Federal and State Grants	5,161,051	5,497,017	5,020,969	5,000,000
Lottery and Great Outdoors Colorado	25,116,776	26,311,827	24,609,078	24,600,000
Sale of Goods, Services, and Assets	1,627,749	1,730,769	1,978,655	2,000,000
Donations	59,252	50,436	0	100,000
Interest Income	472,324	451,737	497,366	500,000
Other Revenues	650,621	674,472	4,582,682	4,600,000
General Fund and Severance Tax	4,640,982	5,233,721	5,136,678	5,100,000
Revenues Before Transfers	**$65,149,728**	**$68,320,962**	**$72,664,249**	**$72,700,000**
Intra-Agency, Inter-Fund Transfers	$11,188,486	$14,903,503	$6,240,927	$6,200,000
Total Revenues	**$76,338,214**	**$83,224,465**	**$78,905,176**	**$78,900,000**

Wildlife

The Wildlife section of CPW manages the state's 960 game and non-game wildlife species by issuing fishing and hunting licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations, and managing approximately 1.43 million acres of land, including 346 state wildlife areas. Funding for Wildlife operations and programs is a mixture of cash funds from license fees, federal funds, grants from Great Outdoors Colorado, and various other sources. Approximately 1.6 million hunting and fishing licenses were sold in FY 2014-15, which provided $72.9 million in revenue. Over 73 percent of total hunting license sales are from big game species (mainly elk and deer), and half of all revenues from hunting and fishing license sales come from the sale of non-resident big game hunting licenses. The following table shows Wildlife revenues by category:

Wildlife Revenues

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimate
Licenses, Passes, Fees, and Permits	$80,203,643	$80,248,078	$85,006,520	$85,000,000
Federal and State Grants	28,264,171	25,175,291	36,249,266	36,200,000
Lottery and Great Outdoors Colorado	18,847,618	5,285,059	12,085,392	12,100,000
Sale of Goods, Services, and Assets	613,360	1,023,806	828,831	800,000
Donations	963,325	827,985	879,269	900,000
Interest Income	619,755	576,093	687,521	700,000
Other Revenues	1,439,293	4,318,569	4,669,717	4,700,000
General Fund and Severance Tax	2,611,519	3,501,839	3,414,479	3,400,000
Revenues Before Transfers	**$133,562,684**	**$120,956,721**	**$143,820,994**	**$143,800,000**
Intra-Agency, Inter-Fund Transfers	$5,255,059	$5,372,993	$13,331,009	$13,300,000
Total Revenues	**$138,817,743**	**$126,329,714**	**$157,152,003**	**$157,100,000**

Lottery Proceeds and Great Outdoors Colorado (GOCO) Board Grants

Approximately 20 percent of total revenue for CPW comes from lottery proceeds and annual GOCO grants (36.0 percent of total revenue for State Parks and 12.0 of total revenue for Wildlife). State Parks currently receives 10.0 percent of net lottery proceeds to develop, maintain, and improve state park properties and facilities. Another 50.0 percent of net lottery proceeds are allocated to the Great Outdoors Colorado Trust Fund, which is split between grants for State Parks and Wildlife.[3] Grants for State Parks are used for developing new parks (capital) as well as enhancing and maintaining existing parks (operating). Wildlife grants are used for species protection, habitat development, watchable wildlife, and wildlife education. Pursuant to Article XXVII of the Colorado Constitution, GOCO grants are not subject to legislative appropriation. The following table shows recent GOCO awards:

[3] Please note the remaining 40.0 percent of net lottery proceeds goes to the Conservation Trust Fund administered by the Department of Local Affairs.

Great Outdoors Colorado (GOCO) Board Grants					
	FY 2012-13 Award	**FY 2013-14 Award**	**FY 2014-15 Award**	**FY 2015-16 Award**	**FY 2016-17 Estimate**
Parks Capital Budget	$17,480,503	$8,553,551	$12,686,153	$13,954,544	$9,546,853
Parks Operating Budget	4,710,000	4,460,000	5,124,000	5,056,500	5,703,732
Total GOCO Grants for State Parks	**$22,190,503**	**$13,013,551**	**$17,810,153**	**$19,011,044**	**$15,250,585**
Wildlife Base Capital Budget	$2,327,000	$5,527,000	$4,527,000	$4,319,500	$6,812,581
Wildlife Additional Capital Budget	7,300,000	0	0	0	0
Wildlife Operating Budget	6,273,000	6,273,000	7,273,000	7,480,500	8,438,004
Total GOCO Grants for Wildlife	**$15,900,000**	**$11,800,000**	**$11,800,000**	**$11,800,000**	**$15,250,585**

COLORADO WATER CONSERVATION BOARD

The Colorado Water Conservation Board (CWCB) is responsible for administering two major cash funds—the CWCB Construction Fund and the Severance Tax Perpetual Base Fund—both used for water project loans and grants.

Colorado Water Conservation Board Construction Fund

The CWCB Construction Fund (Section 37-60-121 (1) (a), C.R.S.) provides loans and grants for projects that will increase the beneficial consumptive use of Colorado's waters. Section 37-60-121 (1) (b) (IV), C.R.S., limits participation to projects that can repay the CWCB's investment, unless specifically authorized by the legislature, and authorizes the CWCB to approve loans of less than $10.0 million without legislative approval. The Construction Fund also pays for the administrative expenses of the CWCB, approximately $3.6 million in FY 2015-16.

Revenues for the Construction Fund are from interest earnings, transfers from the Severance Tax Operational and Perpetual Base Funds, and Federal Mineral Lease revenues. For FY 2015-16, S.B. 15-253 (CWCB Construction Fund Projects) appropriated $5.6 million for various water-related projects and authorized the following transfers:

- $2,200,000 from the Severance Tax Operational Fund to the CWCB Construction Fund;
- $500,000 from Severance Tax Perpetual Base Fund to the CWCB Construction Fund;
- $500,000 from the CWCB Construction Fund to the Flood and Drought Response Fund; and
- $200,000 from the CWCB Construction Fund to the Litigation Fund.

An estimated $30.0 million will be available for new loans from the Construction Fund in FY 2016-17. The following table outlines fund activity from FY 2013-14 through estimates for FY 2015-16 and FY 2016-17:

Colorado Water Conservation Board Construction Fund Cash Flow Summary Report Based on September 2015 Legislative Council Staff Revenue Estimate	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimate	FY 2016-17 Estimate
Interest (Loans, Treasury, Miscellaneous)	$1,109,901	$10,355,755	$9,680,510	$12,043,026
Federal Mineral Lease (FML) Revenues	17,033,141	14,395,034	13,011,089	15,745,730
Other Revenues (including pass-through)	3,279,136	1,761,462	1,739,777	1,627,304
Contingent Transfer of General Fund Surplus pursuant to S.B. 13-236	0	30,000,000	0	0
Rio Grande Cooperative Project	15,000,000	0	0	0
Chatfield Reservoir Reallocation Project	28,000,000	0	0	0
Windy Gap Reservoir Bypass Channel Project	2,000,000	0	250,000	0
Agriculture Emergency Drought Grants	911,279	0	0	0
State Gov't Grant – Other State Depts	0	1,483,845	0	0
Governor's Executive Order for Forest Fires	605,225	529,135	1,365,640	0
Total Revenues	***$67,938,682***	***$58,525,230***	***$26,047,016***	***$29,416,060***
Cash Expenditures/CWCB Operating Costs [/1]	$8,646,978	$7,775,070	$9,126,390	$9,235,896
Non-Reimbursable Expenditures	5,844,873	4,963,800	3,930,351	0
Transfer to Other CWCB Funds	424,679	0	0	0
Flood Emergency Funds (from Dept of Public Safety)	0	1,496,127	0	0
Rio Grande Cooperative Project Expense	2,493,528	439,761	0	0
Windy Gap Reservoir Bypass Channel	0	0	0	250,000
Long Hollow Reservoir Project	0	1,575,000	0	0
Agriculture Emergency Drought Grants	911,279	0	0	0
Governor's Executive Order for Forest Fires	605,225	529,135	1,365,640	0
Watershed Grants	323,257	0	0	0
Total Expenditures	***$19,249,820***	***$16,778,893***	***$14,422,181***	***$9,485,896***
Net Cash Flow	**$48,688,862**	**$10,746,338**	**$11,624,635**	**$19,930,163**

[/1] Includes cash expenditures for all Long Bill line items less non-reimbursable expenditures.

Severance Tax Perpetual Base Fund

The *Severance Tax Perpetual Base Fund* receives 50.0 percent of moneys in the Severance Tax Trust Fund (25.0 percent of total severance tax revenues) and provides loans or grants for construction, rehabilitation, enlargement, or improvement of water projects. This fund is a revolving loan account, and as such no permanent programs depend on this fund. The Department estimates $30.0 million will be available in FY 2016-17 for new loans. The table below outlines recent fund activity:

Severance Tax Perpetual Base Fund Cash Flow Summary Report Based on September 2015 Legislative Council Staff Revenue Estimate	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimate	FY 2016-17 Estimate
Severance Tax Revenues	$62,926,524	$67,872,895	$24,058,195	$41,965,059
Interest (Loans and Treasury)	5,694,672	5,552,117	5,646,598	5,646,598
Total Revenues	***$68,621,196***	***$73,425,012***	***$29,704,793***	***$47,611,657***
Animas-La Plata Project Transfer	0	0	0	0
Agriculture Emergency Drought Grants	911,279	444,594	1,000,000	1,000,000
Rio Grande Cooperative Project	15,000,000	0	0	0
Chatfield Reservoir Reallocation Project (2013 Projects Bill)	28,000,000	0	29,000,000	0
Windy Gap Reservoir Bypass Channel	2,000,000	0	0	0
Long Hollow Reservoir Project	0	0	0	0
Statutory Transfer to CDPHE	10,000,000	10,000,000	0	0
Governor's Executive Orders for Forest Fires	2,500,000	0	0	0
Governor's Energy Office	53,638	64,305	22,855	39,867
Misc. Fines and Fees	28	89	0	0
Total Expenditures	***$58,464,945***	***$10,508,988***	***$30,022,855***	***$1,039,867***
Net Cash Flow	**$10,156,252**	**$62,916,024**	**-$318,062**	**$46,571,790**

The CWCB also receives funding from the Severance Tax Operational Fund. Pursuant to Section 39-29-109.3 (1) (d), C.R.S., the CWCB is a Tier I program authorized to receive up to 5.0 percent of Operational Fund revenues for programs within the division. The CWCB's FY 2015-16 appropriation of $1.4 million from Tier I of the Operational Fund equals 1.9 percent of total available Operational Fund revenue. Additionally, the following programs are funded through the Operational Fund as Tier II expenditures:

- The Water Supply Reserve Account awards moneys by grant or loan for water activities approved by a roundtable, and receives $10.0 million annually.
- The Water Efficiency Grant Program, provides funding to aid development and implementation of water conservation plans, and receives an annual allocation of $550,000.
- The Interbasin Compacts line item receives $745,000 annually to fund operating expenses of the interbasin compact roundtable meetings.
- House Bill 15-1006 allocated $2.0 million for the Phreatophyte Control Program in FY 2015-16.

Colorado Water Plan

The CWCB released a final draft of the Colorado Water Plan on November 19, 2015. As it is currently written, the Water Plan does not have any significant impact on the FY 2016-17 budget, but will likely become an important factor driving the CWCBs budget in future years. The CWCB is requesting an increase of $1.0 million cash funds from the Perpetual Base Fund for the Water Restoration Program as part of the 2016 CWCB Projects Bill. Other than that, however, the CWCB has not approved the redirection of funds from the Construction Fund or the Severance Tax Perpetual Base Fund for any of the other recommendations and potential action plans outlined in the document.

WATER RESOURCES DIVISION (STATE ENGINEER'S OFFICE)

The Water Resources Division (DWR) is responsible for the supervision and control of water resources in the state of Colorado (Section 37-80-102 (1) (h), C.R.S.), including the administration of over 154,000 surface and ground water rights, nine compacts, two U.S. Supreme Court decrees, and other interstate water allocation agreements. More than 90 percent of the FY 2015-16 appropriation for the DWR is General Fund, and the division accounts for almost three quarters of the Department's total General Fund appropriation. Cash funds for special programs (e.g. the Water Resources Cash Fund, the Well Inspection Cash Fund, and the Satellite Monitoring System Cash Fund) and federal grants make up the remaining 10 percent of the DWR's total appropriation.

Summary: FY 2015-16 Appropriation & FY 2016-17 Request

Department of Natural Resources	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	$250,860,028	$27,479,559	$185,537,624	$8,701,045	$29,141,800	1,462.1
Other legislation	13,059,199	191,959	12,867,240	0	0	0.5
TOTAL	**$263,919,227**	**$27,671,518**	**$198,404,864**	**$8,701,045**	**$29,141,800**	**1,462.6**
FY 2016-17 Requested Appropriation						
FY 2015-16 Appropriation	$263,919,227	27,671,518	$198,404,864	$8,701,045	$29,141,800	1,462.6
R1 SLB ATLAS licenses	0	0	0	0	0	0.0
R2 CPW digital radio replacement	1,024,000	0	1,024,000	0	0	0.0
R3 SLB asset manager FTE	87,515	0	87,515	0	0	1.0
R4 CPW FTE transfer	0	0	0	0	0	0.0
Non-prioritized requests	498,465	51,808	436,051	(2,533)	13,139	0.0
Centrally appropriated line items	2,916,423	1,890,081	4,211,183	(1,132,303)	(2,052,538)	0.0
Annualize prior year legislation	(10,500,703)	(4,703)	(10,496,000)	0	0	0.0
Indirect cost assessment	(415,675)	(719,232)	(426,319)	719,232	10,644	0.0
Annualize prior year budget actions	(311,679)	(27,832)	(262,023)	(10,279)	(11,545)	0.1
Other changes	(250,000)	0	0	(250,000)	0	(1.0)
TOTAL	**$256,967,573**	**$28,861,640**	**$192,979,271**	**$8,025,162**	**$27,101,500**	**1,462.7**
Increase/(Decrease)	($6,951,654)	$1,190,122	($5,425,593)	($675,883)	($2,040,300)	0.1
Percentage Change	(2.6%)	4.3%	(2.7%)	(7.8%)	(7.0%)	0.0%

Issue Descriptions

R1 State Land Board ATLAS licenses: The request includes a net-zero transfer of $90,000 cash funds from the State Land Board Trust Administration Fund, formerly used to pay for support from the Office of Information Technology, to the State Land Board's Program Costs line item to fund ongoing licensing costs for the recently-upgraded asset management program, ATLAS.

R2 Parks and Wildlife digital radio replacement: The request includes an increase of $1,024,000 cash funds, split between the Wildlife Cash Fund and the Parks and Outdoor Recreation Cash Fund, to begin replacing CPW's inventory of 1,024 radios used by Parks and Wildlife staff and volunteers.

R3 State Land Board asset manager FTE: The request includes an increase of $87,515 cash funds and 1.0 FTE to add an Asset Manager position in the State Land Board's western region to assist District Managers with inspections, land improvement projects, lease renewals, and property acquisitions.

R4 Parks and Wildlife FTE transfer: The request includes a transfer of 3.0 FTE from the Wildlife Operations line item to the Habitat Partnership Program to replace the independent contractors currently responsible for administering the program with permanent staff.

Non-prioritized requests: The request includes an increase of $498,465 total funds for non-prioritized requests including funding for the fleet vehicle replacements in Department of Personnel, and for Secure Colorado and the purchase of the End User Configuration Management Tool in the Governor's Office of Information Technology.

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; shift differential; workers' compensation; legal services; payment to risk management and property funds; vehicle lease payments; leased space; Capitol Complex leased space; payments to the Governor's Office of Information Technology; and CORE operations.

Annualize prior year legislation: The request includes adjustments related to prior year legislation. The primary changes are a decrease of $5.0 million to annualize the 2015 Species Conservation Trust Fund Projects Bill (H.B. 15-1277), and a decrease of $5.6 million to annualize the 2015 CWCB Construction Fund Projects Bill (S.B. 15-253).

Indirect cost assessment: The request includes a net decrease in the Department's indirect cost assessment.

Annualize prior year budget actions: The request includes adjustments related to prior year budget actions to account for the out-year impact of FTE added to the Colorado Avalanche Information Center, the Oil and Gas Conservation Commission, and the Division of Water Resources in FY 2015-16, as well as the annualization of prior year salary survey and merit pay.

Other changes: The request includes a decrease of $250,000 reappropriated funds and 1.0 FTE for technical adjustments including the discontinuation of the appropriation for the Integrated Resource Services line item and the elimination of an unfunded vacancy in the Division of Reclamation, Mining, and Safety Coal Program.

Issue: Status of the Severance Tax Operational Fund

Projected severance tax revenues are not sufficient to support anticipated expenditures from the Severance Tax Operational Fund in FY 2016-17, requiring estimated proportional reductions of 16.3 percent to funding for Tier II programs. Proportional cuts are not called for in FY 2015-16, but 37.3 percent of the Tier II reserve will be required in order to fully fund authorized expenditures in the current year.

SUMMARY:

- Projected revenues based on the September 2015 Legislative Council Staff revenue forecast indicate the Severance Tax Operational Fund will not be able to support authorized expenditures for FY 2016-17. Estimated proportional reductions of 16.3 percent to funding for Tier II programs will be required.

- Proportional reductions are not currently required in FY 2015-16. However, the use of $2.4 million (37.3 percent) of the Tier II reserve leaves a relatively narrow margin against any future reductions in revenue and cuts may still be required based on forthcoming revenue forecasts.

- Tier I programs are authorized to receive up to 100.0 percent of available moneys in the Severance Tax Operational Fund, while Tier II programs are funded with revenue remaining after Tier I appropriations are met. Anticipated decreases in severance tax revenue are not likely to affect Tier I programs, but any increases in Tier I appropriations will decrease revenue available for Tier II programs.

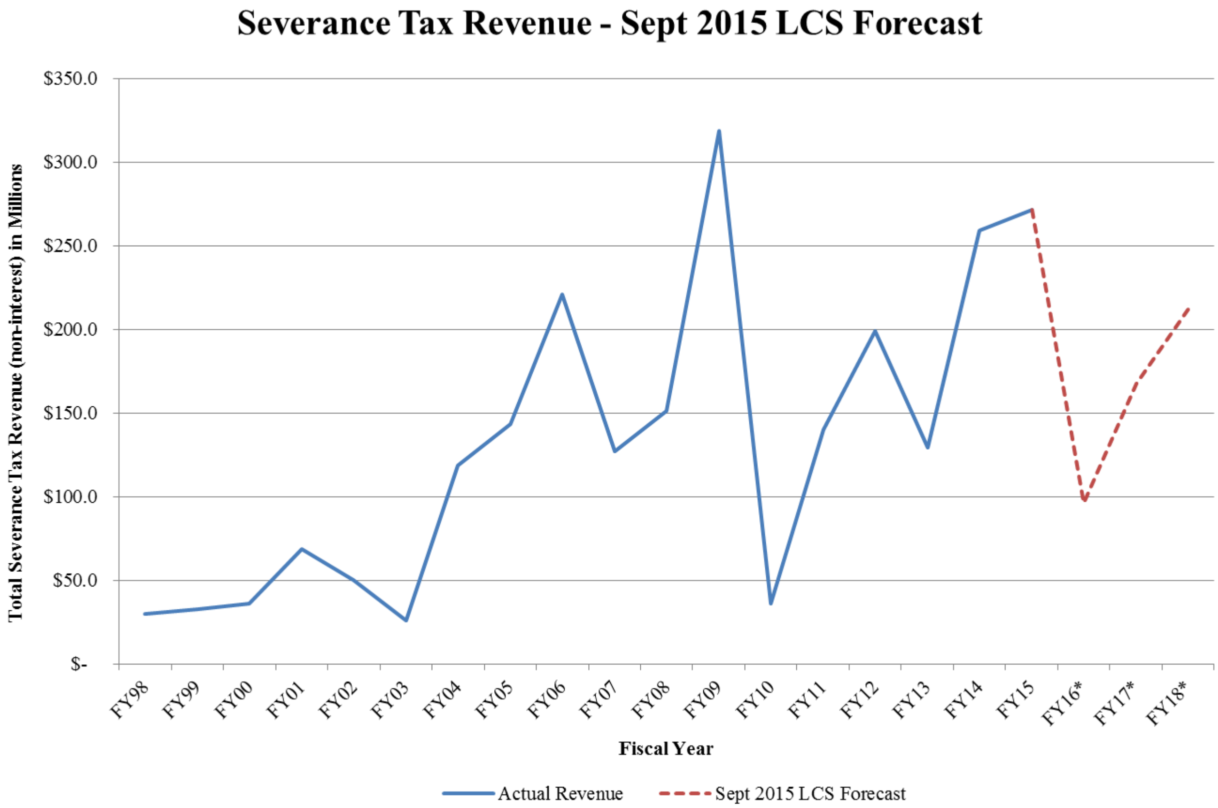
RECOMMENDATION:

Staff recommends the Committee discuss the impact of the anticipated shortfall in Operational Fund revenue with the Department at the hearing. Please note that Tier II distributions are statutory, which means a bill would be required if the Committee wishes to adjust the distribution of cuts across these programs. If this is the case, staff can revisit the issue with the Committee in January 2016, taking into account any updates required by the December 2015 Legislative Council Staff revenue forecast.

DISCUSSION:

Background

Pursuant to Sections 39-29-191 *et seq*., C.R.S., the State of Colorado levies a tax on the severance of non-renewable natural resources including oil and gas, coal, molybdenum, and other metallic minerals. The following figure shows total annual severance tax revenues over time (excluding interest) based on the September 2015 Legislative Council Staff (LCS) revenue forecast:



*Estimated revenue.

Severance tax revenue is highly volatile in part because it is closely linked to the price and production of oil and gas. Oil and gas generates the large majority of total severance tax revenue, accounting for 97.5 percent in FY 2014-15. As a result, falling oil prices since mid-2014 are reflected in the 64.6 percent decrease in projected revenue for FY 2015-16 compared to the prior year.[1]

An ad valorem tax credit amplifies swings in severance tax revenue due to changes in commodity prices and production. Severance taxpayers can deduct a portion of local property taxes paid on production from severance tax liability (Section 39-29-105 (2), C.R.S.), but the amount is based on production from two years prior because of a lag in the way property taxes are calculated. This makes swings in severance tax revenue more extreme than they would be otherwise.[2] For example, if property taxes are high in the year used to determine the tax credit, but the gross taxable income is low in the year that determines initial tax liability, severance tax revenue would be very low (high credit against low income). Conversely, if property taxes are low in the year where the credit is established, but gross taxable income is high, severance tax revenue will be very high (low credit against high income).

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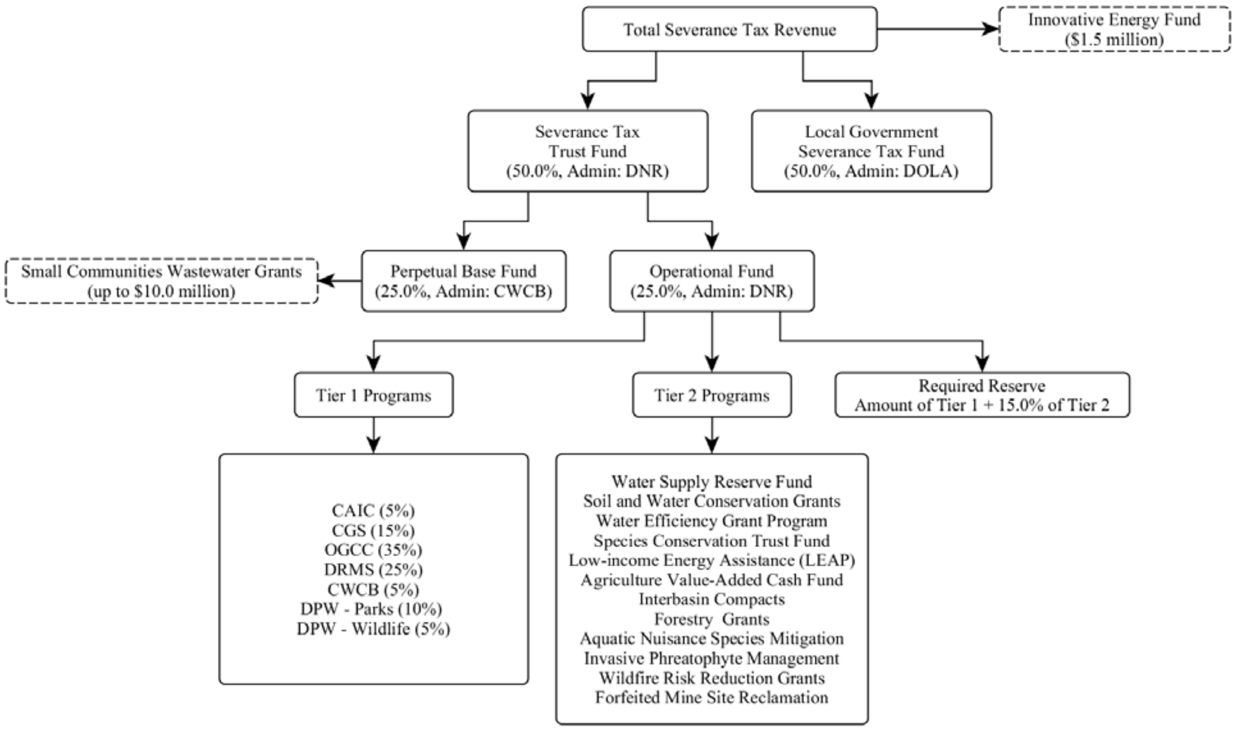
[1] Severance tax is not levied on all oil and gas produced in the state. Production from "stripper wells" is exempt from severance tax liability (Section 39-29-105 (1) (b), C.R.S.). Stripper wells are low-production wells that produce 15 barrels or less of crude oil, or 90,000 cubic feet or less of gas per day.

[2] Changes in local tax policy and geographic shifts in production can also affect the amount of tax credits for producers and associated state severance tax collections.

Distribution of Severance Tax Revenues

The following figure illustrates the distribution of total severance tax revenues to different parts of state government:



Total severance tax revenue is divided equally between the Severance Tax Trust Fund, administered by the Department of Natural Resources, and the Local Government Severance Tax Fund administered by the Department of Local Affairs.[3] Revenue in the Local Government Severance Tax Fund is distributed to local governments, both directly and through grant funding for infrastructure projects, and is not subject to appropriation by the General Assembly. Severance Tax Trust Fund revenue is used to support "programs that promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water, and for use in funding programs to reduce the burden of increasing home energy costs on low-income households" (Section 39-29-109 (1), C.R.S.).

Of the severance tax revenue credited to the Severance Tax Trust Fund, 50.0 percent is allocated to the Perpetual Base Fund, which is administered by the Colorado Water Conservation Board (CWCB) and used for water construction projects.[4] The other 50.0 percent goes to the Operational Fund which is divided between Tier I and Tier II expenditures (Section 39-29-109.3,

[3] Pursuant to Section 39-29-108 (2) (a) (I), C.R.S., $1.5 million of total severance tax revenue is allocated to the Innovative Energy Fund annually through July 1, 2016.
[4] The Small Communities Wastewater Grant Fund only receives severance tax money if the Perpetual Base Fund receives more than $50.0 million in revenue, and funding is capped at $10.0 million per year.

C.R.S.). Please see page 26 at the end of this briefing issue for a detailed account of all Operational Fund expenditures based on the September 2015 LCS revenue forecast.

Operational Fund Tier I Expenditures
Expenditures from Tier I of the Operational Fund primarily support salaries and ongoing program costs in the Department of Natural Resources. These appropriations are insulated from volatility in severance tax revenue in two ways:

1. Each of the Tier I programs is authorized by statute to receive a percentage of total available Operational Fund revenues (e.g. the OGCC can receive up to 35.0 percent of the total moneys available in the Operational Fund). This prioritizes funding for these programs which could, in theory, receive all available revenues in the Operational Fund. As shown in the following table, however, Tier I programs have generally used a much smaller percentage of total revenue than statute allows.

Operational Fund Appropriations for Tier I Programs

	Allowable % by Statute	FY 2015-16 % Approp	5-Year Average[b]
Oil and Gas Conservation Commission	35.0	5.7	4.4
CAIC and CGS[a]	15.0	2.5	3.1
Reclamation, Mining, and Safety	25.0	5.9	5.9
Colorado Water Conservation Board	5.0	1.7	1.8
Division of Parks and Wildlife	15.0	3.4	4.2
Total %	**100.0%**	**19.2%**	**19.4%**

[a] The Colorado Avalanche Information Center and the Colorado Geological Survey began receiving separate appropriations from the Operational Fund starting in FY 2013-14.
[b] Average of actuals from FY 2010-11 to FY 2014-15.

2. The reserve requirement for Tier I programs is equal to one full year of operating appropriations which helps protect against the need to change staffing and operating levels based on fluctuating revenues. This does have the effect of doubling the impact of any Tier I appropriation and any increase in Tier I expenditures decreases revenue available for distribution to Tier II programs.

Operational Fund Tier II Expenditures
Tier II programs are funded with Operational Fund revenues left over after Tier I appropriations are fulfilled, and support things like grants, loans, research, and construction (Section 39-29-109.3 (2), C.R.S.). The reserve requirement for Tier II programs is equal to 15.0 percent of authorized expenditures, based on the expectation they are better able to accommodate fluctuations in revenue than Tier I programs. Funding for Tier II programs is disbursed in three installments over the course of the year: 40.0 percent in July, 30.0 percent in January, and the remaining 30.0 percent in April. As established in H.B. 08-1398, if mid-year projections indicate there will be insufficient Operational Fund revenue to support authorized expenditures for Tier II programs, they are all subject to proportional reductions unless the General Assembly acts to prioritize cuts via legislation.

Anticipated Proportional Reductions to Tier II Programs

No proportional reductions were required in FY 2014-15, and the first (July 1) installment for Tier II programs in FY 2015-16 was made in full. However, based on the September 2015 LCS revenue forecast, approximately $2.4 million will be required from the Tier II reserve under current law to avoid proportional reductions and fully fund Tier II programs in the current year.

A revenue shortfall of $11.6 million is currently anticipated for FY 2016-17, which will require proportional reductions of 16.3 percent to funding for Tier II programs as well as the use of all the Tier II reserve. Even though revenues for FY 2016-17 are projected to be higher than in the current fiscal year, there is not enough total revenue to fully overcome the low beginning balance leftover from FY 2015-16. The following table compares authorized expenditures and distributions to Tier II programs after estimated proportional reductions in FY 2016-17:

Projected Proportional Reductions to Tier II Programs, FY 2016-17

	Authorized Expenditures	Estimated Distributions	Difference (Auth-Est)
Water Infrastructure Development	$10,000,000	$8,366,200	$1,633,800
Soil Conservation Districts Matching Grants	450,000	376,479	73,521
Water Efficiency Grants	550,000	460,141	89,859
Species Conservation Trust Fund	5,000,000	4,183,100	816,900
Low Income Energy Assistance	13,000,000	10,876,060	2,123,940
Renewable Energy - Agriculture	500,000	418,310	81,690
Interbasin Water Compacts	745,067	623,338	121,729
Forest Restoration/Bark Beetle Grants	2,500,000	2,091,550	408,450
Aquatic Nuisance Species Fund	4,006,005	3,351,504	654,501
Forfeited Mine Site Reclamation	127,000	106,251	20,749
Phreatophyte/Tamarisk Control Grants*	0	0	0
Total	**$36,878,072**	**$30,852,933**	**$6,025,139**
Tier II Reserve Spending			5,531,711
Total Amount to Cover Revenue Shortfall			**$11,556,850**

*H.B. 15-1006 included a provision to eliminate this transfer in FY 2016-17 if proportional reductions are required to other Tier II programs. As such the authorized amount is reduced to $0 in this table.

Please note that these figures do *NOT* include the impact of the Governor's separate request for legislation to transfer $3.8 million in severance tax revenue to the General Fund in FY 2015-16. See the JBC staff memo that accompanies this briefing document for more information.

Department Position on the Status of the Operational Fund

Staff requested a response from the Department regarding the issues with the Operational Fund, summarized on the following page. Most importantly, the Department is opposed to any reductions to Tier I spending, but is generally supportive of proportional cuts to Tier II programs to balance spending (as opposed to prioritizing funding for some Tier II programs over others).

- The Department is concerned that the level of funding from the Operational Fund is not sustainable, citing FY 2015-16 expenditures that are 32.0 percent above average and exceed projected revenues by an estimated $34.5 million.
- Tier I programs are still the Department's highest priority and it is opposed to any cuts at this level. Severance tax funding for state parks was highlighted as being particularly valuable because of the elimination of General Fund support for park operations during the last downturn.
- The Department declined to prioritize Tier II programs as 40.1 percent of authorized expenditures in FY 2015-16 will occur in other departments and agencies. It did express a preference for keeping funding for programs "reasonably whole" by allowing proportional reductions to occur instead of cutting or eliminating some programs rather than others.
- The Department's rationale for proportional over targeted cuts or the elimination of specific programs is that: (1) by reducing funding for all programs by a small amount, the most important/highest priority projects will have some continuity of funding; (2) revenue forecasts often vary from actual revenues by 10 percent or more, making it difficult to negotiate targeted cuts based on an estimated shortfall; and (3) statute provides for a bonus installment to true-up cuts with actual revenue, which can be a difficult process if cuts are not proportionally distributed to start with.

New Appropriations and Recent Legislation Impacting the Operational Fund

Implementation of the Oil and Gas Task Force Recommendation
The Department submitted a budget amendment to increase the FY 2015-16 request for the OGCC by $1.36 million cash funds from the Severance Tax Operational Fund and 12.0 FTE to implement the recommendations of the Governor's Oil and Gas Task Force that were issued on February 27, 2015. The legislature approved the Department's amended request, increasing the OGCC's appropriation from the Operational Fund by 53.6 percent over the previous year. Additionally, appropriations from the Operational Fund to the OGCC are subject to the 100.0 percent reserve requirement for Tier I agencies, doubling the impact of any increases. As a result, the approved budget amendment effectively obligated a total of $2.7 million in Operational Fund revenue.

2015 Legislation
- *Senate Bill 15-022 (Wildfire Risk Reduction Grant Program)* replenished grant funding for projects that reduce hazardous fuels and lower wildfire risk. The Wildfire Risk Reduction Grant Program was established in 2003 and originally funded by a transfer of $9.8 million from the General Fund to the continuously-appropriated Wildfire Risk Reduction Fund. This bill transferred an additional $1.0 million from Tier II of the Operational Fund to the Wildfire Risk Reduction Fund in FY 2015-16. With the 15.0 percent reserve requirement for Tier II expenditures, the bill has a total impact of $1.15 million. The grant program and cash fund are repealed on July 1, 2018.

- *Senate Bill 15-253 (CWCB Projects Bill)* authorized $2.2 million in Tier II expenditures, including $1.2 million for the Watershed Restoration Program and $1.0 million to develop analytical tools to help design and regulate dam spillways. The revenue will remain available for both purposes until the end of FY 2018-19, at which point any remaining money will revert back to the Operational Fund.

- *Senate Bill 15-255 (Deposit Severance Tax Revenues In General Fund)* authorized the diversion of up to $20.0 million in severance tax revenue to the General Fund prior to being distributed to funds administered by the Department of Natural Resources and the Department of Local Affairs. Pursuant to Section 39-29-109 (b), C.R.S., the Operational Fund receives 25.0 percent of total severance tax revenue and bears the same proportion of any reduction in total severance tax revenues. The September 2015 LCS forecast shows a total of $16.2 million was diverted at the end of FY 2014-15, reducing revenue to the Operational Fund by $4.1 million.

- *House Bill 15-1006 (Invasive Phreatophyte Grant Program)* created a two-year grant program, administered by the CWCB, for the management of invasive phreatophytes, e.g. tamarisk and Russian olive. The bill included a provision transferring $2.0 million cash funds from Tier II of the Operational Fund to the CWCB Construction Fund in both FY 2015-16 and FY 2016-17 to fund the program. With the 15.0 percent reserve requirement for Tier II expenditures, the bill has a total impact of $2.3 million per year. However, the second transfer will only be made if proportional reductions are not anticipated for other Tier II transfers in FY 2016-17 under the relevant LCS revenue forecasts.

- *House Bill 15-1150 (Sev Tax Op Fund Transfers for Mine Reclamation)*, recommended by JBC staff and sponsored by the JBC, provided $127,000 cash funds for reclamation projects at forfeited mine sites from Tier II of the Operational Fund starting in FY 2015-16. The program was originally funded at a higher level as part of Tier I funding for the DRMS. The program is now subject to any proportional reductions that may be required by future revenue shortfalls.

Severance Tax Operational Fund
(Reflects current law in FY 2015-16 and the Department Request for FY 2016-17)

	Statutory Cite	Actual FY 13-14		Estimated FY 14-15		Appropriated FY 15-16		Projected FY 16-17		Projected FY 17-18	
Beginning balance		$18,981,011		$34,935,927		$52,247,465		$18,676,371		$14,792,916	
Revenue		65,222,486		68,307,732 est.		24,427,545 est.		42,137,394 est.		53,156,398 est.	
Transfers to General Fund	39-29-109.3 (6)	0		0		0		0		0	
TOTAL Available for Expenditure		**$84,203,497**	100.0%	**$103,243,659**	100.0%	**$76,675,010**	100.0%	**$60,813,765**	100.0%	**$67,949,314**	100.0%
Roll-forwards (TOTAL)						**$828,217**					
Off-the-Top Expenditures											
Colorado Energy Office (H.B. 12-1315)		$0		$0		$375,000		$375,000		$375,000	
Public School Energy Fund	39-29-109.5	53,638		64,305		TBD		TBD		TBD	
SUBTOTAL OTT		**$53,638**		**$64,305**		**$375,000**		**$375,000**		**$375,000**	
Tier 1	39-29-109.3 (1)										
Oil and Gas Conservation Commission	(a)	$3,212,032	3.8%	$2,863,742	2.8%	$4,398,129	5.7%	$4,398,067	7.2%	$4,398,067	6.5%
Colorado Geological Survey	(b)	1,257,148	1.5%	1,342,243	1.3%	1,408,265	1.8%	1,408,265	2.3%	1,408,265	2.1%
Avalanche Information Center	(b.5)	494,961	0.6%	397,481	0.4%	495,790	0.6%	545,415	0.9%	556,323	0.8%
Div of Reclamation, Mining, and Safety	(c)	4,495,666	5.3%	4,344,195	4.2%	4,517,990	5.9%	4,559,701	7.5%	4,650,895	6.8%
Colorado Water Conservation Board	(d)	1,305,010	1.5%	1,310,800	1.3%	1,319,250	1.7%	1,319,250	2.2%	1,319,250	1.9%
Division of Parks and Wildlife	(f)	2,370,397	2.8%	2,422,356	2.3%	2,577,926	3.4%	2,562,218	4.2%	2,562,218	3.8%
SUBTOTAL Tier 1		**$13,135,214**	15.6%	**$12,680,817**	12.3%	**$14,717,350**	19.2%	**$14,792,916**	24.3%	**$14,895,018**	21.9%
Tier 2	39-29-109.3 (2)										
Water Infrastructure Development	(a)	$10,091,639		$10,000,000		$10,000,000		$8,366,200		$10,000,000	
Soil Conservation Districts Matching Grants	(b)	454,124		450,000		450,000		376,479		450,000	
Water Efficiency Grants	(c)	555,040		550,000		550,000		460,141		550,000	
Species Conservation Trust Fund	(d) & (e)	4,036,656		6,500,000		5,000,000		4,183,100		5,000,000	
Low Income Energy Assistance	(f)	13,119,131		13,000,000		13,000,000		10,876,060		13,000,000	
Renewable energy - Agriculture	(h)	504,582		500,000		500,000		418,310		0	
Interbasin Water Compacts	(i)	751,895		745,067		745,067		623,338		745,067	
Forest restoration grants/ bark beetle	(k) & (n)	2,522,910		2,500,000		2,500,000		2,091,550		0	
Aquatic Nuisance Species Fund	(m)	4,042,714		4,006,005		4,006,005		3,351,504		4,006,005	
Forfeited Mine Site Reclamation (H.B. 15-1150)	(o)					127,000		106,251		127,000	
Wildfire Risk Reduction Grants (S.B. 15-022)	(p)					1,000,000		0		0	
Watershed Restoration (S.B. 15-253)	(q)					1,000,000		0		0	
Dam Spillway Analysis (S.B. 15-253)	(r)					1,200,000		0		0	
Phreatophyte Control Program (H.B. 15-1006)	(s)					2,000,000		0		0	
SUBTOTAL Tier 2		**$36,078,691**	42.8%	**$38,251,072**	37.0%	**$42,078,072**	54.9%	**$30,852,933**	50.7%	**$33,878,072**	49.9%
TOTAL Expenditures		**$49,267,570**		**$50,996,194**		**$57,998,639**		**$46,020,849**		**$49,148,090**	
Ending Balance		**$34,935,927**		**$52,247,465**		**$18,676,371**		**$14,792,916**		**$18,801,223**	
Tier 1 Reserve	39-29-109.3 (3)	$13,135,214		$12,680,817		$14,717,350		$14,792,916		$14,895,018	
Tier 2/LEAP Reserve	39-29-109.3 (3)	5,362,661		5,737,661		6,311,711		5,531,711		5,081,711	
TOTAL Reserve Requirement		**$18,497,875**	22.0%	**$18,418,478**	17.8%	**$21,029,061**	27.4%	**$20,324,627**	33.4%	**$19,976,729**	29.4%
UNOBLIGATED BALANCE		**$16,438,052**	19.5%	**$33,828,987**	32.8%	**($2,352,690)**	-3.1%	**($5,531,711)**	-9.1%	**($1,175,506)**	-1.7%

est. = estimate. Revenue estimates are based on the Legislative Council Staff's September 2015 Revenue Forecast and include interest income of $396,350 in FY 2015-16 and $172,335 in FY 2016-17. Current projections indicate that Tier 2 distributions will be made in full in FY 2015-16, but proportional reductions of 16.3 percent are anticipated in FY 2016-17.

TBD = To be determined

Issue: Projected Revenue Shortfall in the Oil and Gas Conservation and Environmental Response Fund

The Oil and Gas Conservation and Environmental Response Fund provides approximately 65 percent of the cash funds for the OGCC. Most of the revenue coming into the Response Fund is from a mill levy on the market value of oil and gas at the well, currently set at 0.7 mills. If the mill levy remains the same and the price and production of oil and gas follows current forecasts, the Response Fund will have a revenue shortfall of up to $3.8 million in FY 2017-18.

SUMMARY:

- The Oil and Gas Conservation Commission (OGCC) is almost entirely supported by two major cash funds: the Severance Tax Operational Fund (35 percent) and the Oil and Gas Conservation and Environmental Response Fund (65 percent).

- Approximately 90 percent of the revenue coming into the Response Fund is from a mill levy on the market value of oil and gas at the well. The current rate is 0.7 mills and has not been changed since FY 2007-08. The Oil and Gas Conservation Commission has the authority to adjust the mill levy up to a statutory maximum of 1.7 mills on the dollar.

- If the mill levy remains the same and the price and production of oil and gas follows current forecasts, projections show enough Response Fund revenue in reserve to fund appropriations through FY 2016-17, but a deficit of up to $3.8 million in FY 2017-18.

- To address the revenue shortfall, the Department indicated that it would propose to increase the levy rate to an estimated 1.1 mills in order to generate sufficient revenue to cover expenditures. This would be contingent upon the approval of measures to relieve cash funds revenue restrictions under TABOR.

- Increasing expenditures from both OGCC cash funds are primarily driven by recent increases in FTE. All positions added in FY 2015-16 at the request of the Department and on the recommendation of the Governor's Oil and Gas Task Force have been filled (14.0 FTE total).

RECOMMENDATION:

Staff recommends the Committee discuss the following with the Department during the hearing: (1) the projected revenue shortfall in the Oil and Gas Conservation and Environmental Response Fund for FY 2017-18, (2) the Department's proposal to raise the mill levy contingent upon TABOR relief; and (3) alternatives for addressing the revenue shortfall including reducing OGCC expenditures in FY 2016-17 and FY 2017-18.

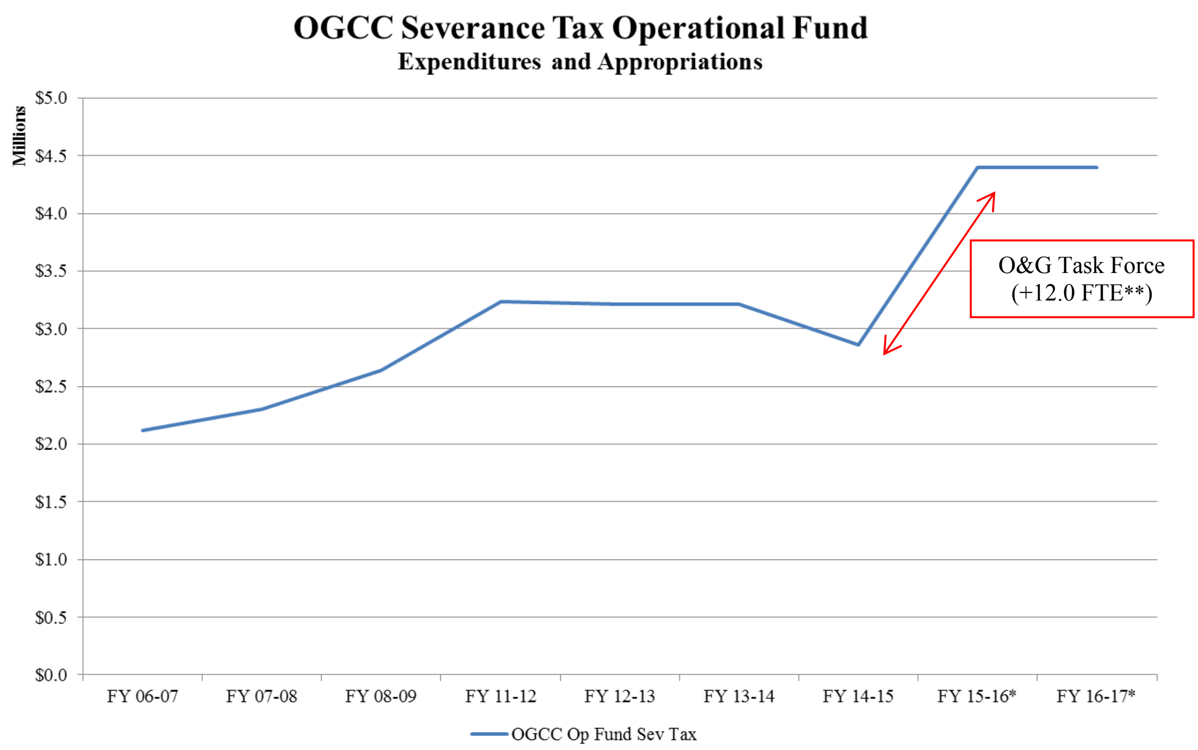
DISCUSSION:

Background

The Oil and Gas Conservation Commission (OGCC) is almost entirely supported by two major cash funds: the Severance Tax Operational Fund and the Oil and Gas Conservation and Environmental Response Fund (Response Fund). Revenue coming into both funds is affected by fluctuations in the price and production of oil and gas but, in terms of relative impact on the OGCC budget, the Response Fund is most vulnerable and is currently in jeopardy of running a $3.8 million deficit within one year due to the ongoing decline in oil prices.

Severance Tax Appropriations to the OGCC

The following figure shows actual expenditures and appropriations for the OGCC from the Operational Fund over the past ten years:



*Appropriations for the OGCC from the Severance Tax Operational Fund.
** Please note that an additional 2.0 FTE were added in FY 2015-16, but were funded out of the Response Fund.

Approximately 35 percent of cash funds for the OGCC come from the Severance Tax Operational Fund. As a Tier I agency, severance tax is a relatively stable source of funding for the OGCC in spite of the inherent volatility of the revenue stream itself. The General Assembly can appropriate up to 35.0 percent of total moneys available in the Operational Fund for the OGCC, though appropriations have never exceeded 6.0 percent to date. The amount of Operational Fund revenues allocated to the OGCC can affect other programs, namely by reducing the amount available for Tier II expenditures, but the agency itself can generally rely on receiving the full appropriated amount of Operational Fund revenue each year.

Operational Fund expenditures for the OGCC have doubled since FY 2006-07 which mirrors the growth in agency workload driven by accelerating oil and gas development in the state. The largest single increase during that time period is the result of the implementation of the Governor's Oil and Gas Task Force recommendation to add 12.0 FTE to the OGCC at a cost of $1.4 million from the Operational Fund beginning in FY 2015-16. Please note, however, that the Task Force recommendation ultimately obligated $2.8 million in Operational Fund revenue because of the one-for-one Tier I reserve requirement.

Oil and Gas Conservation and Environmental Response Fund

Cash funds from the Response Fund make up the other 65 percent of the revenue supporting programs within the OGCC. The Response Fund also provides annual funding for personal services and operating expenses in the Oil and Gas Consultation Program in the Colorado Department of Public Health and Environment, as well as periodic support for air quality studies and one-time funding for infrared cameras.

The large majority (about 90 percent) of the revenue coming into the Response Fund is from a mill levy on the market value of oil and gas at the well. Pursuant to Section 34-60-122, C.R.S., the Oil and Gas Conservation Commission has the authority to adjust the mill levy up to a statutory maximum of 1.7 mills on the dollar. The current rate is 0.7 mills and has not been changed since FY 2007-08. The following table shows recent and projected mill levy revenue through FY 2017-18:

OGCC Mill Levy Revenues

FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimated	FY 2016-17 Estimated	FY 2017-18 Estimated
$6,562,155	$9,149,344	$8,084,810	$7,587,050	$7,493,453	$7,755,920

A smaller source of Response Fund revenue for the OGCC comes from penalties assessed for rule violations. The amount collected has been somewhat unpredictable, fluctuating between $371,000 and $1.3 million in recent years. Additionally, H.B. 14-1356 revised the penalty structure starting in FY 2014-15, increasing the maximum daily fine per violation and removing the cap on the maximum total penalty which adds to the uncertainty in revenue predictions. The OGCC's operating assumption is that it will collect $750,000 each year for the next several years.

Comparison of Revenue and Expenditures

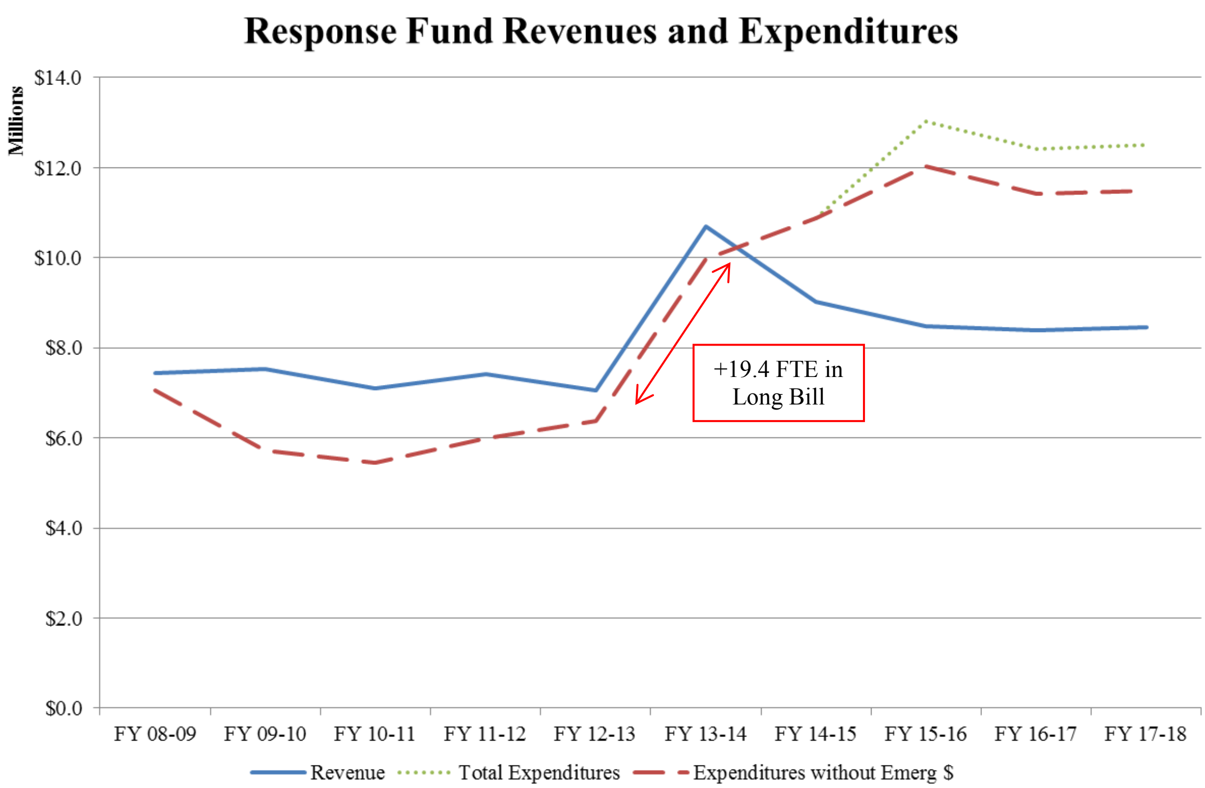
The following figure shows Response Fund revenue and expenditures. However, there are several assumptions built into the data to keep in mind when evaluating fund balance projections:

1. These figures assume the mill levy remains constant at 0.7 mills going forward. Again, the Commission has the authority to adjust the mill levy up to the statutory cap of 1.7 mills, but

as cash funds subject to TABOR, any increase in revenue in the near term would have ramifications for the amount of General Fund required for refunds.

2. These revenue projections assume that that oil and gas production will decline by 1.0 and 3.0 percent respectively starting in January 2016. This is a relatively conservative estimate given that decreases in production have yet to be observed. Still, while it is difficult to forecast the exact timing of the turnaround in production, the OGCC has indicated it is imminent sometime within the next year.

3. The OGCC has a $1.0 million appropriation from the Response Fund each year for emergency response costs. In most years a relatively small amount of this money is actually spent, but the OGCC must assume the full amount will be needed in future years even though much of it is likely to be reverted. This amount is shown in the figure for reference.



*Dotted green line represents $1.0 million in potential Emergency Response Cost expenditures.

If the mill levy remains the same (0.7 mills) and oil and gas prices and production remain close to current projections, there will be enough revenue in reserve to fund appropriations from the Response Fund through FY 2016-17. However, there will be a deficit of up to $3.8 million in the following year, FY 2017-18, which is equivalent to about one-third of total projected expenditures from the Response Fund in that year. Again, any unused emergency response money will revert to the Response Fund at the end of the fiscal year which could reduce the deficit by up to $1.0 million.

Department Plan: Potential Mill Levy Increase Pending TABOR Relief
Staff asked the Department about its current plan to address the potential revenue shortfall in the Response Fund for FY 2017-18. If levy revenue declines as projected, the Department indicated it will propose to raise the mill levy rate to 1.1 mills in order to increase revenue by between $3.5 and $4.5 million per year. However, this would be contingent upon the approval of a measure to relieve cash funds revenue restrictions under TABOR. In fact, the Governor has instructed the OGCC not to raise the mill levy in FY 2015-16 because of the TABOR implications associated with increasing cash fund revenue.

Alternatives to a Mill Levy Increase

Staff acknowledges the OGCC is in a difficult position when it comes to increasing revenue or pursuing alternative sources of funding. Raising the mill levy is problematic because of TABOR. Increasing the proportion of revenue from the Severance Tax Operational Fund in the budget would be a "guaranteed" appropriation but at the expense of Tier II programs which are already facing proportional reductions. General Fund is simply not available and, even if it were, using it for OGCC operations does not seem to provide a statewide benefit with such concentrated oil and gas development. However, relying on the approval and implementation of the Governor's proposal for TABOR relief in time to raise the mill levy before funds run out does not seem like a particularly prudent plan.

The total projected shortfall of $3.8 million represents 30.2 percent of anticipated expenditures from the Response Fund in FY 2017-18. In this instance, however, there is a full year of advanced warning before the imminent revenue shortfall becomes an active problem. Making moderate reductions to expenditures over two years in tandem with planning for a potential mill levy increase would be preferable to increasing revenue or cutting expenditures equal to a third of the OGCCs total budget in a single year.

Reducing Response Fund Expenditures
There are two main points of consideration when making reductions to expenditures from the Response Fund: (1) obligated funds for emergency response and (2) the proportion of the shortfall covered by reductions versus an increase in the mill levy.

1. Emergency Response

The OGCC has an annual appropriation for emergency response, which obligates $1.0 million in Response Fund revenue, but is fully reverted in many years. This line item was established in FY 2006-07 with an appropriation of $1.5 million from the Response Fund to allow the OGCC to respond to incidents that require immediate action. The appropriation was reduced to $1.0 million cash funds in FY 2011-12 where it currently remains. Emergency response expenditures were made in four of the last ten years, totaling $689,635.

Like emergency response appropriations in other divisions and departments, this funding is a balance between obligating cash funds and ensuring that there are adequate resources for an initial response to emergency situations. The Department indicated that the appropriation was set with water-related emergencies in mind, particularly ones that may occur in areas where wells are the primary source of water. However, it currently accounts for 26.4 percent of the cash fund deficit because the OGCC is obligated to account for the full amount in projected expenditures from the Response Fund. The record of expenditures from the line item suggests that the amount appropriated for emergency response could be adjusted down, which would reduce the cuts that need to be taken from elsewhere to cover the shortfall.

2. Decreasing Expenditures vs. Increasing the Mill Levy

The second issue to consider is the proportion of the shortfall that should be covered by reducing expenditures from the Response Fund versus increasing revenues by raising the mill levy. Any shortfall that is not remedied by cuts will require an increase in revenue, which would ultimately have a General Fund impact in the form of refund requirements. The following table shows scenarios for reducing Response Fund expenditures at different levels of Emergency Response funding with cuts equal to one half or one third of the total shortfall over two years:

Scenarios for Reductions to OGCC Response Fund Appropriations

	Emerg Response Spending Assumptions		
	100% Emerg Response	**50% Emerg Response**	**25% Emerg Response**
Shortfall Before Emergency Response	$2,779,218	$2,779,218	$2,779,218
Emergency Response Appropriation	1,000,000	500,000	250,000
Total FY 17-18 Shortfall	**$3,779,218**	**$3,279,218**	**$3,029,218**
50% of Total Shortfall	**$1,889,609**	**$1,639,609**	**$1,514,609**
Year 1 Reductions to Program Costs	944,805	819,805	757,305
Year 2 Reductions to Program Costs	944,805	819,805	757,305
33% of Total Shortfall	**$1,247,142**	**$1,082,142**	**$999,642**
Year 1 Reductions to Program Costs	623,571	541,071	499,821
Year 2 Reductions to Program Costs	623,571	541,071	499,821

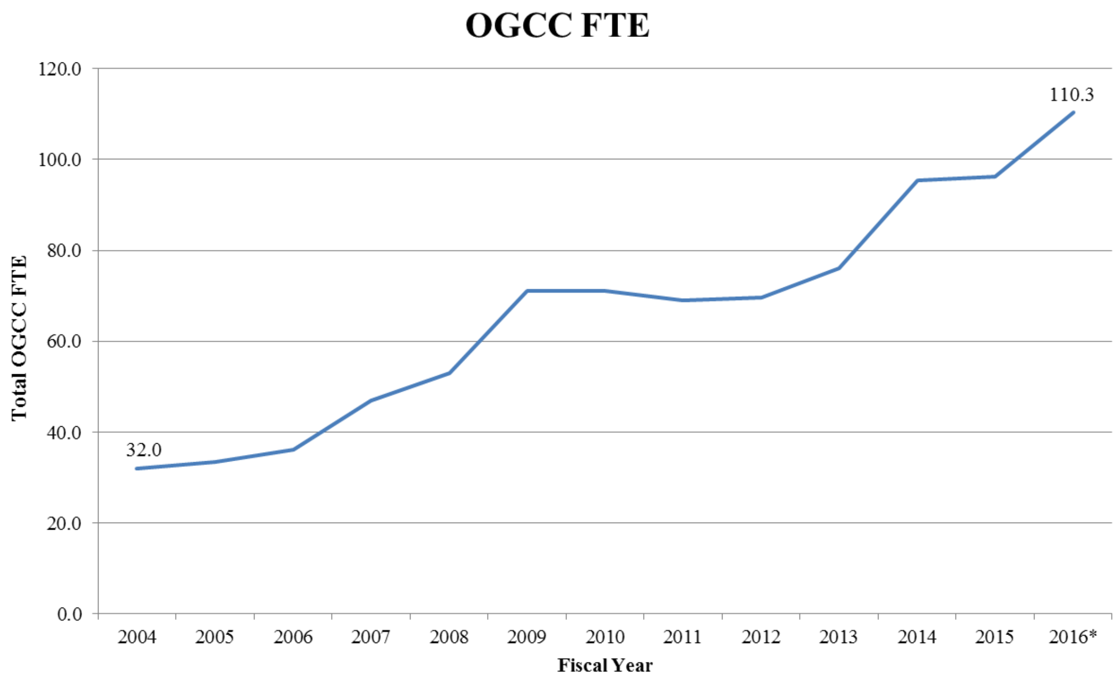
If TABOR restrictions on increases in cash fund revenue are eased, the mill levy could be increased to restore funding and reverse cuts in future years. If TABOR restrictions still apply, reductions would spread over two years and the OGCC will not have to cut the full 30 percent from its budget. Also, the required mill levy increase and subsequent TABOR-related General Fund impact would be less than it would have to be to raise enough revenue to cover the entire shortfall.

Market conditions for oil and gas are notoriously variable and there is a substantial margin of error on long-term price and production estimates. It is always possible, if not probable, that the revenue situation for cash funds tied to oil and gas will improve to some degree. However, currently available data indicates there will be a slow increase in prices over the next three years and it is a fairly safe assumption that cash fund revenue challenges will be here for some time. **Staff recommends the Committee discuss the following with the Department during the hearing: (1) the projected revenue shortfall; (2) the Department's proposal to raise the mill**

levy contingent upon TABOR relief; and (3) the presented scenarios for reducing Response Fund expenditures in FY 2016-17.

Recent OGCC Staffing Increases

One factor that has contributed to increases in OGCC expenditures from both cash fund sources is the steady growth in FTE over time, as shown in the following figure:



*Appropriation.

Most recently, 19.4 FTE were added through the Long Bill in FY 2013-14 and, as mentioned earlier, 14.0 FTE were added in FY 2015-16. Just over 40 percent of the new FTE were field inspectors (+17.0 FTE), with the remaining 60 percent split among the other work groups in the OGCC. The OGCC indicated that all of the new positions added upon the recommendation of the Governor's Oil and Gas Task Force have been filled, and that there are currently only four vacant positions agency-wide. Now that the hiring process is complete for the new positions in FY 2015-16, the OGCC is beginning to work on developing and refining programs associated with the new staff members (e.g. the Facilities Integrity Work Group).

Issue: Water Quality Issues at Legacy Mine Sites

The release of contaminated wastewater from the Gold King Mine in August of 2015 brought renewed attention to the impact of drainage from legacy mines on water quality in Colorado. This issue provides background on state and federal agencies involved in addressing water quality issues at legacy mine sites, focusing specifically on available funding for legacy mine hydrology projects and emergency response in the Division of Reclamation, Mining, and Safety (DRMS).

SUMMARY:

- The long history of mining in the state has left behind an estimated 23,000 hazardous mine features and other environmental problems at hardrock legacy mine sites. There are approximately 500 legacy mine sites identified as having a *measurable* impact on water quality.

- The U.S. Environmental Protection Agency and the Colorado Department of Public Health and Environment have near-exclusive authority over 230 draining legacy mines that require water treatment under the federal Superfund Program established by CERCLA and the Clean Water Act.

- In collaboration with local partners and other agencies, the DRMS can work on projects at approximately 300 legacy mines sites with water quality issues from tailings or waste rock piles or where source controls can be installed to change the flow of water into or out of a mine.

- The DRMS can currently complete 4-6 hydrology projects at legacy mine sites annually using an appropriation from Tier I of the Severance Tax Operational Fund in the *Legacy Mines Hydrology Projects* line item, totaling about $410,000 per year.

- There is also an appropriation of $100,000 cash funds from Tier I of the Severance Tax Operational Fund for the DRMS to use for the initial cost of a response in emergency situations at permitted mine sites, but it cannot currently be used for incidents at legacy sites.

RECOMMENDATION:

Staff recommends the Committee discuss any remaining questions regarding the role of the Department of Public Health and Environment and the Department of Natural Resources in addressing draining legacy mine sites. Additionally, staff recommends the General Assembly enact legislation expanding the authority of the Division of Reclamation, Mining, and Safety to use emergency response funding for incidents at legacy mine sites. The Committee may wish to consider sponsoring this legislation or opt to discuss the possibility of a bill with the Committee of Reference.

DISCUSSION:

Background

Gold King Mine Incident
The Gold King Mine is predominantly a legacy mine site (i.e. a mine site abandoned prior to 1977) located outside of Silverton in San Juan County, Colorado. The production of gold, silver, and copper began in 1886 and mining operations were completed around 1923. A small portion of the site was under an exploratory permit issued in 1986. The operator declared bankruptcy and the bond associated with this permit was forfeited in 2007. Under state law, the Division of Reclamation, Mining, and Safety (DRMS) safeguarded the site according to the reclamation plan in the permit and completed work in 2009.

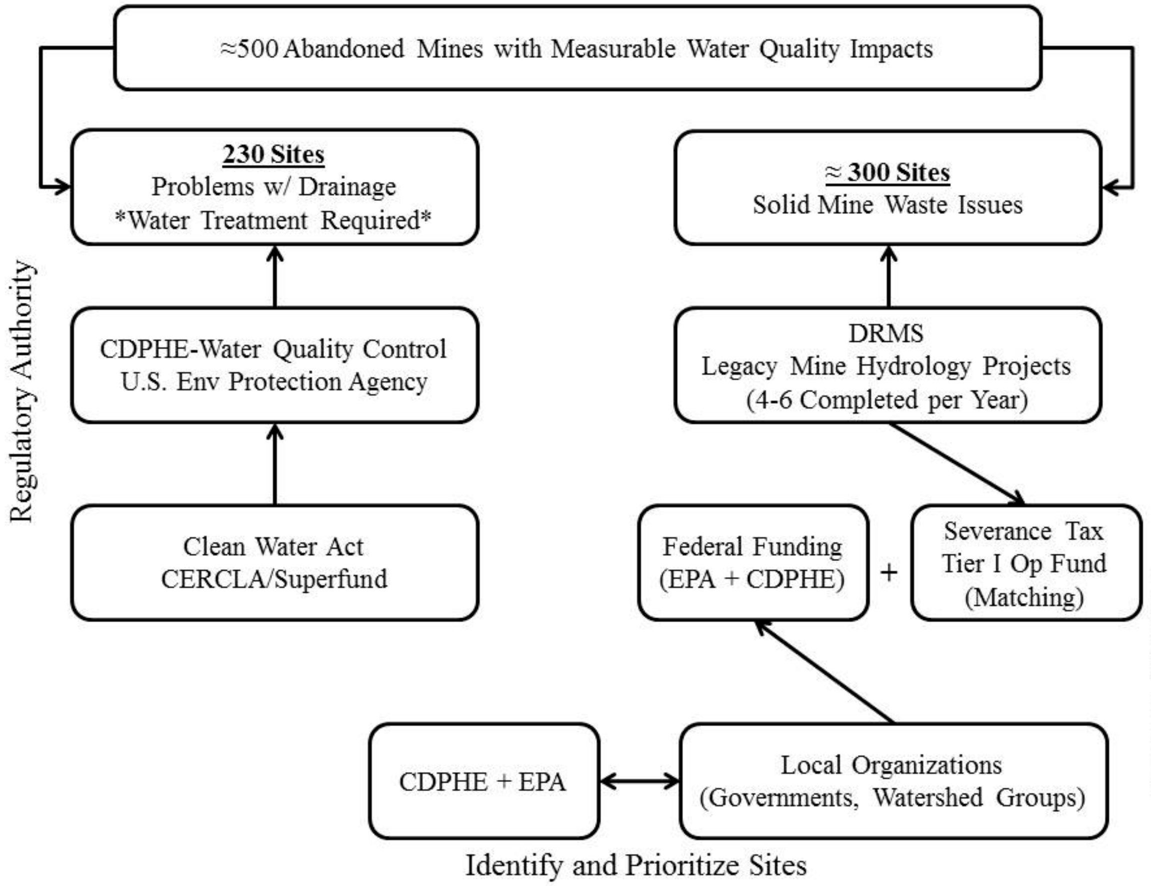
On August 5, 2015, a project team for the Environmental Protection Agency was working at the site as part of a removal action under CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act of 1980) and released approximately 3 million gallons of waste water from the mine into Cement Creek. The contaminated water made its way into the Animas River and over the state border into New Mexico and Utah before disbursing into Lake Powell. The EPA has constructed a temporary water treatment plant at the site to handle waste water that continues to drain from the mine through the winter months.

Legacy Mine Sites Affecting Water Quality
The Gold King Mine incident brought renewed attention to the impact of drainage from legacy mines on water quality in Colorado. The long history of mining in the state has left behind an estimated 23,000 hazardous mine features and other environmental problems at hardrock legacy mine sites. About 40 percent of these features have been safeguarded by the DRMS Inactive Mines Reclamation Program over the past 30 years, but inactive mines continue to be a significant source of water pollution affecting more than 1,300 miles of streams and waterways. There are approximately 500 legacy mine sites that have been identified as having a *measurable* impact on water quality.[1] Of these, 230 are problematic because of actual mine drainage (as opposed to storm water issues from tailings and waste rock). Forty-seven of these sites have active water treatment efforts and another 35 are being evaluated, but 148 are still draining into waterways without any intervention. The map attached at the end of this briefing issue shows the location of draining legacy mines across the state.

Authority to Address Water Quality Issues at Legacy Mine Sites

The following figure shows a simplified breakdown of the division of authority between agencies for the 500 abandoned mine sites with a measurable impact on water quality:

[1] According to the DRMS, there are between 1,000-1,500 additional legacy mine sites and thousands of waste rock dumps that may drain into waterways but do not have a measureable impact on water quality.



Authority for Draining Legacy Mines Impacting Water Quality (230 Sites)

The U.S. Environmental Protection Agency (EPA) and the Colorado Department of Public Health and Environment (CDPHE) have near-exclusive authority over draining legacy mines that require water treatment under the federal Superfund Program established by CERCLA and the Clean Water Act (CWA).

U.S. Environmental Protection Agency

CERCLA Superfund Program

The EPA has two different courses of action for addressing environmental issues at legacy mine sites under CERLA: 1) remediation, which requires a superfund designation; and 2) a removal action, which does not require a superfund designation and is usually designed to stabilize or cleanup sites that pose an immediate threat to human health or the environment. In the case of the Gold King Mine release, the EPA was conducting a removal action because there was no superfund designation for the site. However, on November 23, 2015 officials from the town of Silverton and San Juan County voted to begin negotiations with the EPA and CDPHE to obtain a Superfund designation for draining mines in the area. This would provide access to additional funding and allow remediation projects to proceed under CERCLA.

Clean Water Act
Mining activities, including draining legacy mines, are also regulated by the EPA under the Clean Water Act, which establishes water quality standards and requires all point source discharges from mining operations be authorized by an NPDES permit (National Pollutant Discharge Elimination System). The Clean Water Act presents some complications for addressing draining from legacy mines in that any party that engages in water treatment must meet CWA water quality standards and assumes liability for meeting minimum federal and state standards in the future. Proposals for "Good Samaritan" legislation to amend the CWA would allow interested parties to implement some improvements without the associated liability.

CDPHE Programs
There are two main programs within CDPHE that have responsibility for draining legacy mine sites. The *Water Quality Control Division* (WQCD) is the designated state agency for the administration of the Clean Water Program and has authority to regulate and clean up spills or discharges of pollutants into waterways through the permitting process. This includes drainage from legacy mine sites. However, the WQCD currently prioritizes the permitting of active mine sites and exploratory mining activities ahead of legacy mines according to guidance from the EPA and has limited resources to deal with draining from abandoned mine sites.

When a site does get listed on the federal Superfund National Priority List (NPL), the *Hazardous Materials and Waste Management Division* (HMWMD) gets involved and works with the EPA to determine which agency will take the lead or provide support on clean-up activities. The agencies also split the clean-up costs for NPL sites. In the case of the Gold King Mine, however, the site had not been listed which limited the involvement of the HMWMD in the response to the release.

If the Committee has any additional questions for CDPHE regarding its responsibilities related to water quality issues at legacy mine sites, staff can arrange for a formal response from the agency during the hearing for the Department of Natural Resources.

Authority for Legacy Mine Sites with Solid Mine Waste Impacting Water Quality (~300 Sites)

The Inactive Mines Reclamation Program (IMRP) is the subdivision within the DRMS responsible for safeguarding hazards and conducting reclamation and remediation projects at legacy and forfeited mine sites in Colorado. However, there are some fairly specific constraints on the program's ability to address water quality issues at legacy mine sites. First and foremost, the projects undertaken by the IMRP are largely voluntary. Unlike CDPHE and the EPA, the IMRP has no regulatory authority to intervene and landowner permission is generally required for any safeguarding or remediation project to proceed.

Additionally, the IMRP is limited to implementing physical and structural controls or diversions to prevent water from coming into contact with mine waste tailings. This includes two specific types of projects:

1. *Non-Point Source Water Quality Improvement Projects*

   These projects generally involve either moving mine waste rock and tailings out of waterways or diverting the flow of water around mine waste to reduce impacts on nearby waterways.

2. *Source Control Projects*

   These sorts of interventions are designed to change the pathway of water to keep it from flowing into or out of a mine, often via the installation of bulkheads (i.e. miniature dams within a mine). This can help keep clean water from coming into contact with contaminants or keep contaminated water from flowing out of a mine and into a waterway, both of which can ultimately reduce the amount of water that may need to be treated in the future. However, source controls are more expensive than water quality improvement projects and are only useful at a very small percentage of mines that have specific geological features.

Outside of these specific actions, the IMRP cannot work on draining mines where water treatment is required. If there is not something that can physically be done to prevent water from coming in or out of a mine or to keep it from running through tailings and waste rock, the DRMS does not have the authority to act. This is the case with the 230 draining mines that are under the purview of CPDHE and the EPA. In those instances, the problem is unrelated to tailings or waste rock because water is actually flowing from the mines and bulkheads will not work to control the flow of water in or out of the mine. Water treatment is required and that is beyond the authority of the DRMS at this time.

DRMS Funding For Water Quality Issues at Legacy Mine Sites

The Gold King Mine incident highlighted two issues relevant to the DRMS budget: (1) the availability of funding to address the long-term water quality impact of mine wastes at legacy mine sites; and (2) limitations on emergency response funding for acute incidents at unpermitted legacy mine sites.

IMRP Funding for Hydrology Projects at Legacy Mine Sites (Long-term Impact)

Within the parameters mentioned above, the IMRP is able to assist with the completion of 4-6 water quality improvement projects at legacy mine sites per year, or 2.0 percent of the 300 sites that would benefit from the types of improvements the program can make. Before the IMRP becomes involved, local organizations collaborate with CDPHE and the EPA to identify and prioritize legacy mine sites that would benefit from the installation of physical interventions or source controls. The local organizations then apply for federal funding through the EPA's NonPoint Source Management Program administered through CPDHE (i.e. Clean Water Act Section 319 grant funding).

These federal grants require a state match, which the IMRP provides using an appropriation from Tier I of the Severance Tax Operational Fund in the *Legacy Mines Hydrology Projects* line item, totaling about $410,000 per year. The amount of this appropriation is a key determining factor of the rate at which water quality improvement projects can be completed and there is consistently more demand from local organizations for matching funds than the current appropriation allows.

The IMRP estimates that the matching funds help secure a total of $2.0 million per year in federal grant funding for work at selected sites. Once project funding is secured, local organizations will either take the lead or the IMRP will act as a contractor and assist in the completion of the remediation project.

DRMS Emergency Response Funding (Acute Incidents)
The other piece of the DRMS budget that could be useful in instances similar to the Gold King Mine release is the appropriation dedicated to emergency response. The Emergency Response Cost (ERC) line item in the DRMS budget has an appropriation of $100,000 cash funds from Tier I of the Severance Tax Operational Fund to be used to cover the initial cost of a response in emergency situations at permitted mine sites. The DRMS uses the Emergency Response Cost appropriation to respond to sudden and immediate threats to public health and safety, including:

- *environmental emergencies,* where there is a release or potential release of a hazardous substance, pollutant, or contaminant resulting from natural or man-made disasters, improper mining practices, or the failure of containment infrastructure; and
- *hazard emergencies,* which are primarily physical in nature (e.g. the failure of a mining feature, structure, or facility).

These emergencies can be classified as time critical or non-time critical. For example, limited site access or the threat of spreading pollutants due to weather would require immediate action. Sites with potential or developing hazards may require less urgent action, e.g. temporary stabilization until further work can be done.

However, the statutory definition of an "emergency" for the purposes of ERC spending currently limits expenditures to mine sites with a permit in effect or in situations where the DRMS has regulatory authority (Section 34-32-124.5, C.R.S.). This *excludes* legacy mine sites (i.e. mines without a liable party) from being eligible for those funds. For example, if someone was prospecting near a legacy waste rock pile and caused it to slide into a waterway, the DRMS *could* use ERC funding to address the problem because the responsible party would fall under the current regulatory scheme, i.e. prospecting without a permit. If that same legacy pile slid into the waterway on its own due to heavy rain, the DRMS *could not* use ERC money to stabilize the site and prevent adverse water quality impacts.

In the case of the Gold King Mine, the DRMS would <u>not</u> have used emergency response funding, even if it were authorized for use on legacy mines, because the EPA had responsibility for the site. This is generally true for any incident at an abandoned mine site under federal jurisdiction, either as part of CERCLA or because sites are on federally managed lands (e.g. Bureau of Land Management or National Forest Service property). If the EPA had not been in charge of the Gold King Mine site at the time of the release, the DRMS <u>still would not have been able</u> to use emergency response funds because of the statutory limitations on the ERC appropriation. In fact, there have been several instances of wastewater releases at legacy mine sites where the DRMS has been unable to intervene when asked by local agencies.

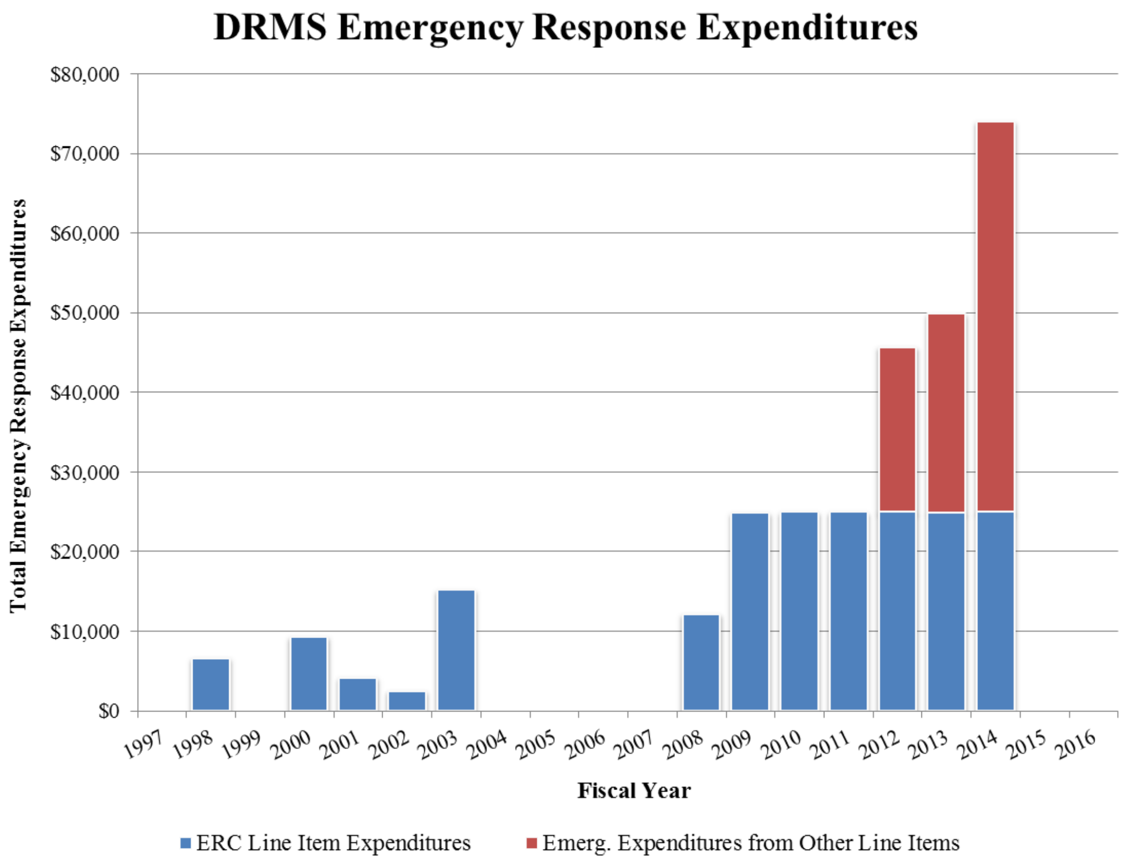
The DRMS has the ability to respond to an incident at a mine site within hours and provided the following list of possible actions that could be taken at legacy mine sites if the use of emergency funding was authorized:

- On-site assessment and advisory input to local and state government agencies and responders.
- Development of emergency work contracts and specifications.
- Immediate emergency contracting and field oversight of emergency construction/reclamation activities.
- Coordination, consent, and road improvements/construction to allow access at remote abandoned mine sites.
- Construction of check dams, diversion structures to direct water flows away from mine waste dumps and tailings impoundments.
- Flood protection berms or diversions to protect acid-forming mine wastes from flooding and erosion along creeks and streams at high flows.
- Installation of emergency spill-ways or de-watering of abandoned impoundments that threaten to over-top and fail.
- Site clean-up of eroded or flood-deposited mine wastes along creeks and streams.
- Construction of temporary settling ponds to control any sediment discharge.
- Stabilizing or securing mine portals to prevent further collapses and impounding of additional water.

Many of these things can help reduce the water quality impact of a release either by facilitating a faster response, physically changing the path of the water, cleaning up contaminants, or preventing further complications. Keep in mind, however, that the treatment of any water would still be outside the jurisdiction of the DRMS.

Legislation Required to Change to Definition of Emergency
Legislation would be required in order to change the limitations in statute and officially allow the DRMS to use ERC funding on legacy mine sites. **Staff recommends that such legislation be considered, either by the JBC or the Committee of Reference.** This would allow the DRMS more latitude in responding to emerging problems at sites across the state, at least as far as they are allowed given the current structure of local, state, and federal authority over legacy mines. Staff requested the Department's opinion on the possibility of such legislation and the DRMS is supportive of expanding the use of Emergency Response funding to include legacy mining sites.

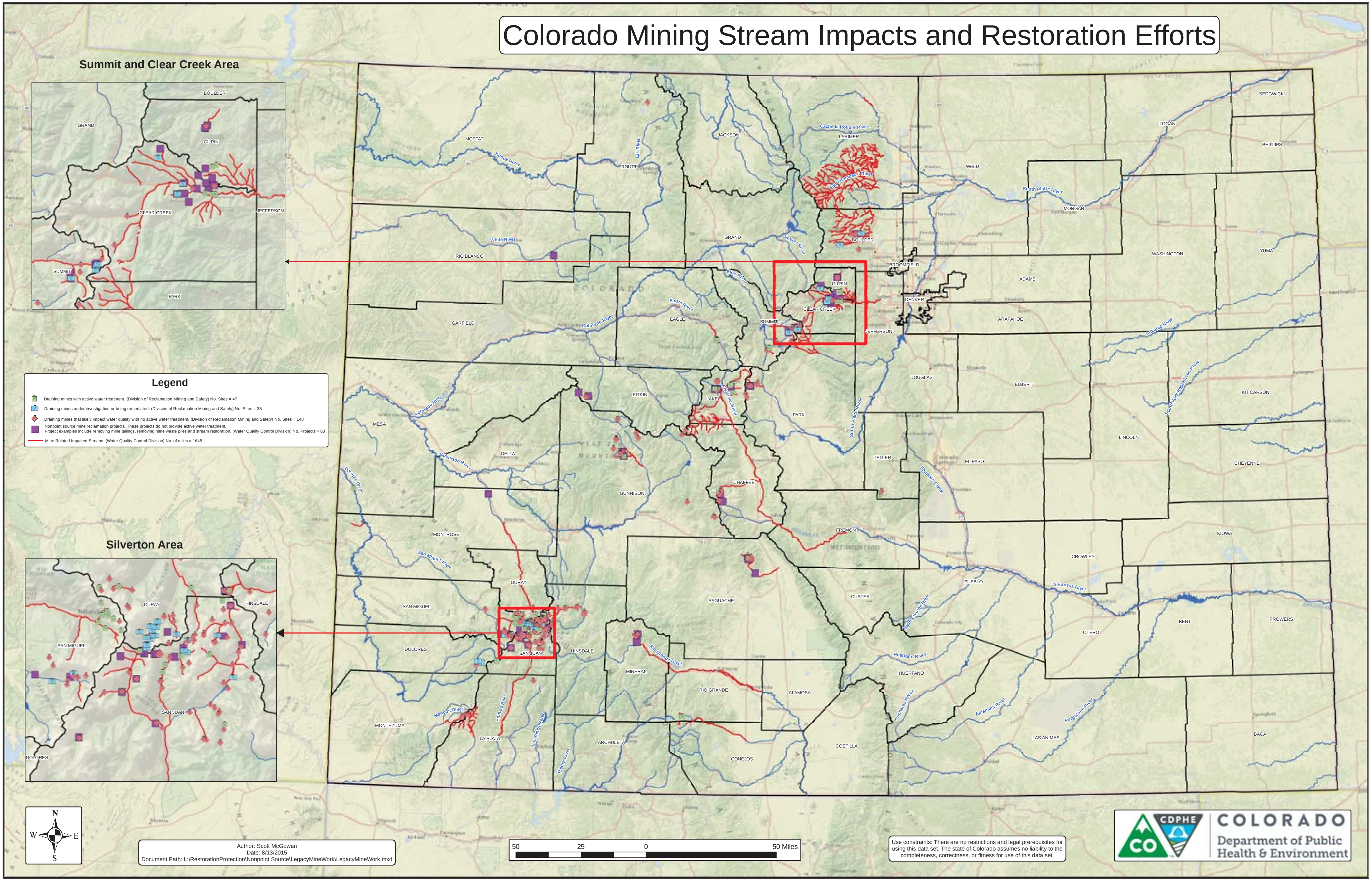
Implications for the Emergency Response Cost Appropriation
The current emergency response appropriation represents a balancing act between the cost of a potential emergency and the obligation of severance tax revenue. The ERC line item was added in 1997 with an appropriation of $500,000, eliminated completely in FY 2003-04, and restored in FY 2005-06 with an appropriation of $25,000. The current appropriation of $100,000 cash funds was approved in FY 2014-15 after three years of emergency response costs that exceeded available funding. As shown in the following figure, actual expenditures on emergency response have fluctuated depending on the year:



*There have not been any expenditures on emergency response to date in FY 2015-16.

The need for emergency response funding over time is difficult to predict, but expenditures have not exceeded $75,000 in any year to date and were much lower in many cases. It is also important to note that the Emergency Response Cost line item was not set up to address large scale emergencies and it was never meant to provide *all* of the funding for remediation at mine sites. It is there to allow the DRMS to address immediate threats to public safety and the environment at sites within its jurisdiction while obtaining other funds, either through the 1331 supplemental process or by initiating legal action against responsible parties.

Overall, there is not a clear case for increasing the emergency response appropriation in conjunction with a legislative change to allow the use of funds on unpermitted mine sites. This is especially true given the projected shortfall in Operational Fund revenue in the coming year. Any increase in Tier I appropriations, however small, has a direct impact on Tier II programs by reducing the amount of revenue available to meet authorized distributions. The DRMS has not taken a firm position on whether a change in funding is required and indicated that expanding the use of the funds was its first priority over adjusting the appropriation. As such, staff is of the opinion that the current appropriation will be sufficient for emergency response at both permitted and legacy mine sites for the time being.



Colorado Mining Stream Impacts and Restoration Efforts
Summit and Clear Creek Area
BOULDER
GRAND
GILPIN
CLEAR CREEK
JEFFERSON
SUMMIT
PARK
Silverton Area
OURAY
HINSDALE
SAN MIGUEL
SAN JUAN
DOLORES
Legend
Draining mines with active water treatment. (Division of Reclamation Mining and Safety) No. Sites = 47
Draining mines under investigation or being remediated. (Division of Reclamation Mining and Safety) No. Sites = 35
Draining mines that likely impact water quality with no active water treatment. (Division of Reclamation Mining and Safety) No. Sites = 148
Nonpoint source mine reclamation projects. These projects do not provide active water treatment.
Project examples include removing mine tailings, removing mine waste piles and stream restoration. (Water Quality Control Division) No. Projects = 63
Mine Related Impaired Streams (Water Quality Control Division) No. of miles = 1645
MOFFAT
ROUTT
JACKSON
LARIMER
WELD
LOGAN
SEDGWICK
PHILLIPS
MORGAN
RIO BLANCO
GRAND
BOULDER
BROOMFIELD
GILPIN
CLEAR CREEK
DENVER
ADAMS
ARAPAHOE
WASHINGTON
YUMA
GARFIELD
EAGLE
SUMMIT
JEFFERSON
MESA
PITKIN
LAKE
PARK
DOUGLAS
ELBERT
KIT CARSON
LINCOLN
DELTA
GUNNISON
CHAFFEE
TELLER
EL PASO
CHEYENNE
MONTROSE
FREMONT
KIOWA
CROWLEY
OURAY
SAN MIGUEL
SAGUACHE
CUSTER
PUEBLO
DOLORES
HINSDALE
SAN JUAN
MINERAL
RIO GRANDE
ALAMOSA
HUERFANO
OTERO
BENT
PROWERS
MONTEZUMA
LA PLATA
ARCHULETA
CONEJOS
COSTILLA
LAS ANIMAS
BACA
Yampa River
Elk River
Cache la Poudre River
Big Thompson River
South Platte River
White River
Fraser River
Blue River
Eagle River
Colorado River
Arikaree River
South Fork Republican River
Gunnison River
Dolores River
Arkansas River
Fountain Creek
San Miguel River
Rio Grande River
Huerfano River
Cucharas River
Apishapa River
Purgatoire River
Animas River
Los Pinos River
Piedra River
Mancos River
N
W
E
S
Author: Scott McGowan
Date: 8/13/2015
Document Path: L:\RestorationProtection\Nonpoint Source\LegacyMineWork\LegacyMineWork.mxd
50
25
0
50 Miles
Use constraints: There are no restrictions and legal prerequisites for using this data set. The state of Colorado assumes no liability to the completeness, correctness, or fitness for use of this data set.
CDPHE
CO
COLORADO
Department of Public Health & Environment

Issue: Colorado Parks and Wildlife R2 Request for Radio Replacement and Cash Funds Status

The Department's FY 2016-17 request includes an increase of $1.0 million cash funds for the Division of Parks and Wildlife (CPW) to replace radios used by staff and volunteers starting in FY 2016-17. This will require ongoing funding in the same amount each year through FY 2019-20 and the cost will be split proportionally between the Parks and Outdoor Recreation Cash Fund (33 percent) and the Wildlife Cash Fund (67 percent).

SUMMARY:

- The Division of Parks and Wildlife is primarily supported by cash funds including: revenue from the sale of licenses, passes, registrations, and permits; severance tax revenue from the Operational Fund; and donations, interest, and proceeds from the sale of assets. Cash funds account for 84.5 percent of the total appropriation for CPW and federal funds make up the remainder.

- The Department request for FY 2016-17 includes an increase of $1.0 million cash funds per year for four years to replace a total of 1,024 mobile and portable radios used by CPW staff and volunteers agency-wide. This represents 78.7 percent of the current inventory of radios, which are obsolete and no longer supported by the manufacturer.

- The cost of the request will be split between the Parks and Outdoor Recreation (Parks) Cash Fund and the Wildlife Cash Fund based on the number of radios required. This amounts to approximately $341,000 per year from the Parks Cash Fund and $683,000 per year from the Wildlife Cash Fund.

- CPW indicated that the Parks Cash Fund is generally expected to continue to break even in coming years, while the Wildlife Cash Fund will likely show a gradually-declining balance over time.

RECOMMENDATION:

Staff recommends the Committee discuss the status of the Parks Cash Fund and the Wildlife Cash Fund with the Department, including the impact of the requested increase of $1.0 million per year for radios and any ongoing costs associated with the radio replacement plan to be implemented in future years.

DISCUSSION:

Background

The Division of Parks and Wildlife is primarily supported by cash funds including: revenue from the sale of licenses, passes, registrations, and permits; severance tax revenue from the

Operational Fund; and donations, interest, and proceeds from the sale of assets. Cash funds account for 84.5 percent of the total appropriation for CPW and federal funds make up the remainder. Most of the cash fund support for CPW comes from two cash funds: the Parks and Outdoor Recreation Cash Fund ($21.1 million in FY 2015-16) and the Wildlife Cash Fund ($61.7 million in FY 2015-16). General Fund support for the division was discontinued in FY 2011-12 and in most years CPW does not receive any General Fund appropriations. The current fiscal year is an exception with an appropriation of $150,000 General Fund from H.B. 15-1045 to offset the cost of providing free admission to state parks for veterans and active-duty military personnel in the month of August.

R2 Request for Digital Radio Replacement

The Department request for FY 2016-17 includes an increase of $1.0 million cash funds per year for four years to replace a total of 1,024 mobile and portable radios used by CPW staff and volunteers agency-wide. This represents 78.7 percent of the current inventory of radios, which are obsolete and no longer supported by the manufacturer. Additionally, these radios no longer meet interoperability compliance standards through the Office of Information Technology (OIT) and in some cases cannot communicate with other agencies that use encrypted channels (e.g. law enforcement, first responders, counties and municipalities).

CPW assigns radios to wildlife officers, park rangers, and other staff, including: full-time and seasonal employees, volunteers, and interpreters. Radios are shared between shifts and staff members by switching out used batteries for freshly charged backups. CPW staff often have duplicate coverage with a mobile radio installed their assigned vehicles and a portable radio to carry on their person. The ability to communicate by radio, both with other CPW staff members and with other law enforcement agencies and first responders, is essential for emergency response and other law enforcement activities, as well as customer service and the coordination of work among staff members.

Requested Radios
CPW estimates that it will be able to obtain new radios with backup batteries and other accessories for a maximum average cost of $4,000 per radio. The final cost could potentially be reduced by volume discounts from purchasing radios with other state agencies and recouping the trade-in value of some of the older units being replaced. New radios will have dual band capability to allow CPW staff to communicate with entities that use encrypted channels (e.g. Larimer, Fremont, and Garfield Counties), and so that CPW can communicate with agencies that are currently using VHF systems without having to carry a second radio.

Staff asked (1) whether it was necessary for all CPW personnel to have the same radio technology to be effective and (2) whether there were any alternative modes of communication that could be used (e.g. satellite phones):

1. First, CPW indicated that all personnel need to be able to communicate directly with outside agencies and to report emergencies using the same radio system. Seasonal staff and volunteers are often responsible for meeting first responders and other emergency personnel and guiding them to the location of incidents. CPW provided an example of an incident

where a maintenance worker driving past a lake radioed in to report a swimmer in distress. A State Park patrol boat, Park Rangers, a Wildlife Officer, an EMT, and a local fire department responded and the swimmer was rescued and treated. Additionally, if some staff were using cell phones or different radios, senior officers would require more than one handset to communicate, continuing the inefficiencies with the technology currently in use.

2. In terms of available alternatives, CPW does not believe there are any better options than radios at this time. Satellite phones are expensive and only allow communication between two people, rather than groups of users. Also, any new radios would work as well as any currently available technology, particularly since CPW staff are sometimes working in very remote areas.

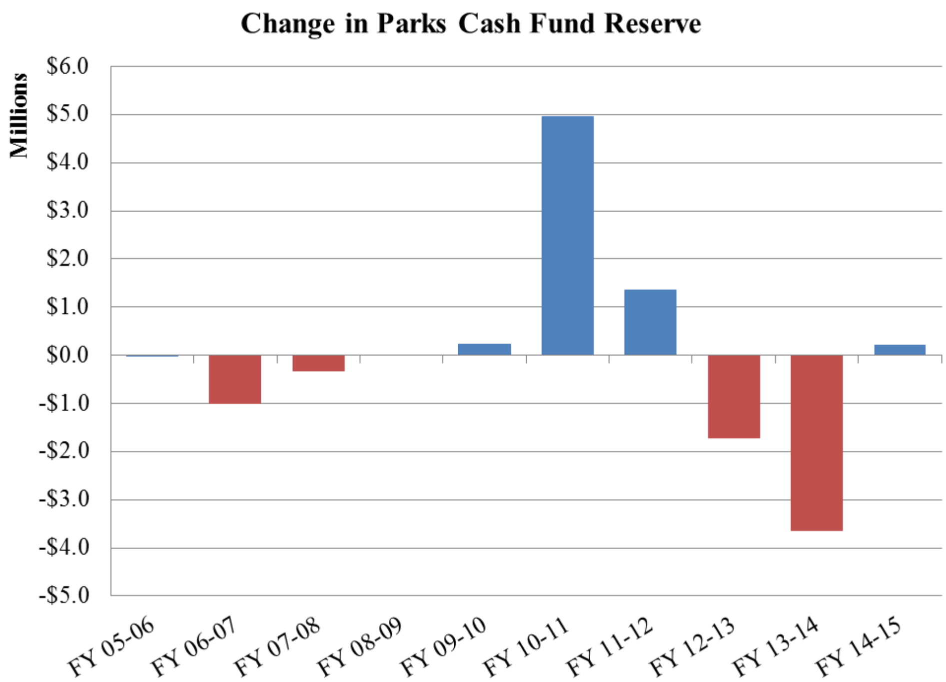
Long-term Replacement Plan
The last large-scale replacement of CPW radios was grant funded by OIT and occurred between 1998 and 2005. No formal replacement or maintenance plan was instituted at the time of purchase and radios have been replaced individually as needed. The new radios requested by CPW have a useful lifespan of 10 years and CPW indicated that it intends to implement a 10-year replacement cycle after the inventory is updated based on existing replacement protocols used by Colorado State Patrol for both mobile (vehicle) and portable (handset) radios.

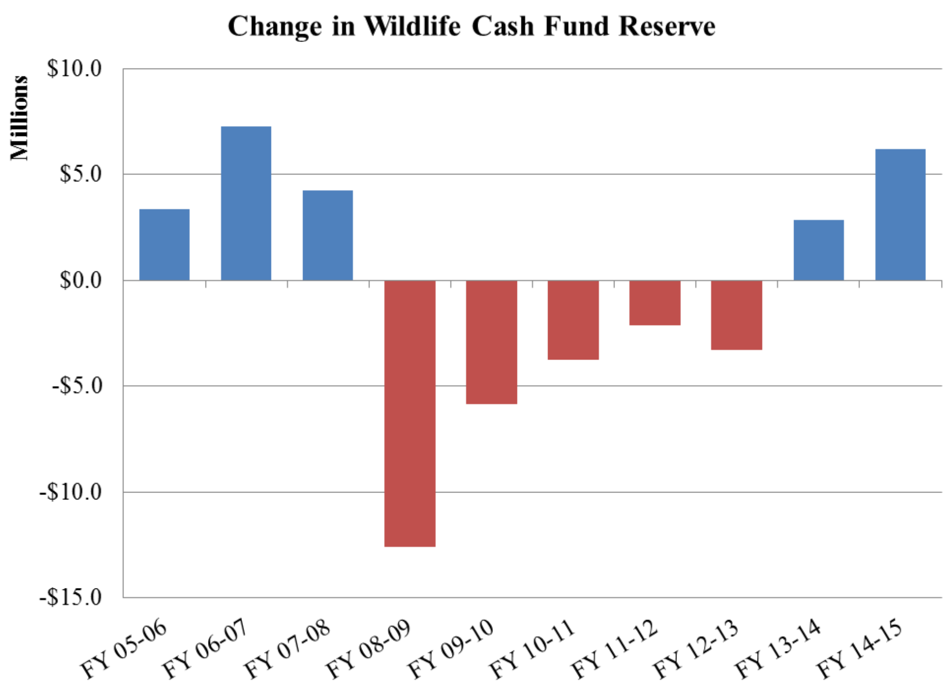
Impact on CPW Cash Funds
The cost of the request will be split between the Parks and Outdoor Recreation (Parks) Cash Fund and the Wildlife Cash Fund based on the number of radios required. This amounts to approximately $341,000 per year from the Parks Cash Fund and $683,000 per year from the Wildlife Cash Fund. This mix of funding may change slightly from year to year based on the proportion of radios being replaced in each section (e.g. Wildlife may replace more radios in a given year, increasing the amount required from the Wildlife Cash Fund). CPW does not anticipate the request will have any impact on fees and plans to use flexibility within existing line items to prioritize radio replacement over the next four years if necessary.

Status of the Parks and Outdoor Recreation Cash Fund and the Wildlife Cash Fund

The Department has not provided detailed cash fund reports (i.e. Schedule 9s) for the Parks Cash Fund or the Wildlife Cash Fund. To date, staff has only received summary information on revenues through estimates for FY 2015-16 (see page 11 in the section on General Factors Driving the Budget) and data on changes in the reserve for each cash fund through FY 2014-15, shown below. In a meeting with JBC staff, CPW indicated that the Parks Cash Fund is generally expected to continue to break even in coming years, while the Wildlife Cash Fund will likely show a gradually declining balance over time. However, staff does not currently have the data to verify these anticipated trends or to determine the future impact of the Department's request on the Parks and Wildlife Cash Funds. **As such, staff recommends the Committee discuss the status of the Parks Cash Fund and the Wildlife Cash Fund with the Department, including the impact of the requested increase of $1.0 million per year for radios and any ongoing costs associated with the radio replacement plan to be implemented in future years.**

Reserve for Parks and Wildlife Cash Funds
The following figures show the change in the cash fund reserve for the Parks Cash Fund and the Wildlife Cash Fund from FY 2005-06 through FY 2014-15:





Notably, the Wildlife Cash Fund had a $6.1 million increase in the cash fund reserve in FY 2014-15. CPW attributes this change to three factors:

1. Changes in Non-Resident Big Game Licenses
   The price of non-resident big game licenses is linked to the Consumer Price Index which increases the cost of licenses incrementally over time. Additionally, the price for non-resident elk licenses increased by $100 between FY 2013-14 and FY 2014-15, generating an additional $1.3 million in revenue, and the total sales of deer and elk licenses increased by 5.7 percent.

2. Internal Budget Cuts and Agency Decision Making
   After consecutive years of declining revenue, CPW identified $10.0 million in cuts to wildlife programs from a variety of fund sources. Of these, roughly half have been implemented and the remaining reductions are ongoing. When revenue from any given fund source is freed up via cuts, those funds can be used to support programs that were formerly dependent on the Wildlife Cash Fund, reducing expenditures from the fund over time. Additionally, CPW has made an effort to align decisions about hiring and expenditures more closely with cash fund revenue which has contributed to the recent improvement in the Wildlife Cash Fund balance.

3. Preference Point Fee Increase
   The growth in fund balance between FY 2013-14 and FY 2014-15 can also be attributed to an increase in the fee for preference points on hunting license applications from $30 to the statutory maximum of $40 for most large game species. This increased revenue to the Wildlife Cash Fund by $883,000 in FY 2014-15. Importantly, barring a statutory change in the maximum amount the CPW commission is authorized to charge for preference points, this fee adjustment was a one-time increase in revenue that must be maintained through other means in the future.

Informational Issue: State Land Board Public School Trust Revenue and FY 2016-17 Requests (R1 and R3)

The State Land Board is forecasting a decrease of almost 60 percent in Public School Trust revenues over the next three years due to falling oil prices, reduced production on state trust lands, and expiring bonus payments. For FY 2016-17, the Department's request includes two separate changes to the State Land Board budget: (1) a net-zero transfer of $90,000 cash funds from the Executive Director's Office to the State Land Board to fund ongoing licensing fees for the ATLAS asset management system; and (2) an increase of $87,515 cash funds and 1.0 FTE for a new West Slope Asset Manager position.

SUMMARY:

- The State Land Board has had nearly five years of record trust revenues, with a new high of $191.4 million in FY 2014-15. Nearly all of this revenue (99.0 percent) is from the Public School Trust benefiting K-12 education.

- A large proportion of School Trust revenue is generated by oil and gas development on state land. In FY 2014-15, oil and gas royalties and rentals generated 56.0 percent of School Trust Revenue and bonus payments accounted for another 26.6 percent ($156.8 million in total).

- Strong oil prices and increasing production in the first half of FY 2014-15 contributed to record School Trust revenues. However, State Land Board forecasts indicate that falling oil prices, an impending decrease in production, and the completion of two large bonus payments will reduce School Trust revenues by 59.2 percent over the next three fiscal years.

- The Department is requesting two changes to the State Land Board budget in FY 2016-17 including an increase of $87,515 cash funds and 1.0 FTE for a new Asset Manager to inspect and manage existing leases, and allow other staff members time to pursue additional investment opportunities on the West Slope.

DISCUSSION:

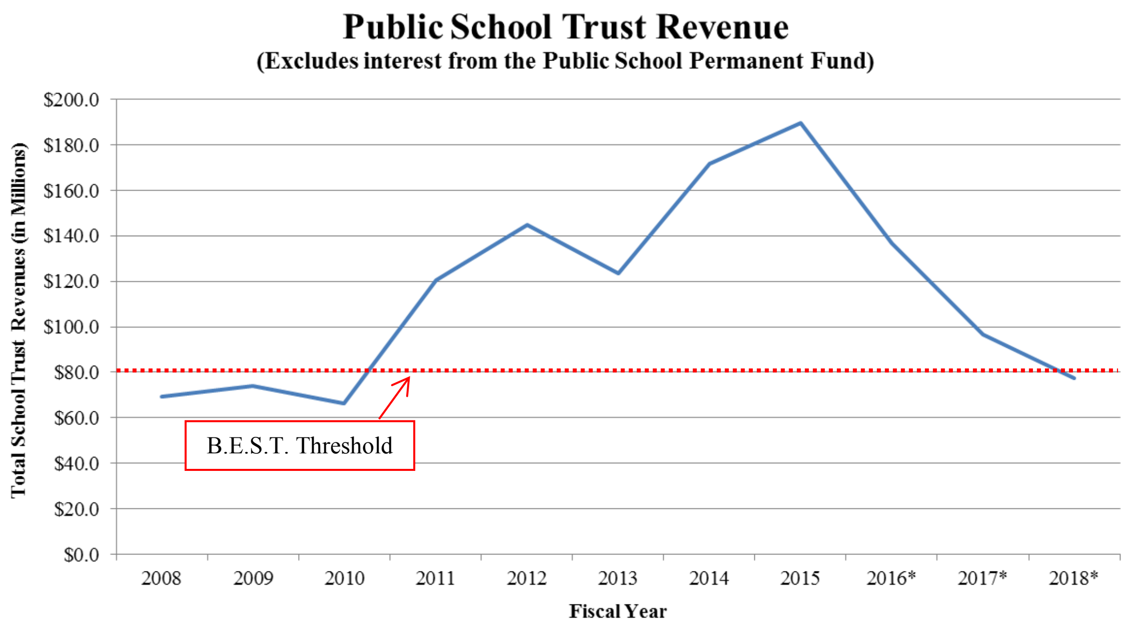
Background

The State Land Board is tasked with generating reasonable and consistent revenue for eight trust beneficiaries over time, including K-12 education and other public institutions. Trust assets currently include 2.8 million surface acres and 4.0 million subsurface acres.

Public School Trust Revenue Projections

The Public School Trust (School Trust) is the largest of the eight trusts managed by the State Land Board, accounting for nearly all of total trust revenues each year. More than 82 percent of School Trust revenue is from oil- and gas-related sources, e.g. royalties, rentals, and bonus payments, and is thus affected by declining market conditions. The following figure shows the

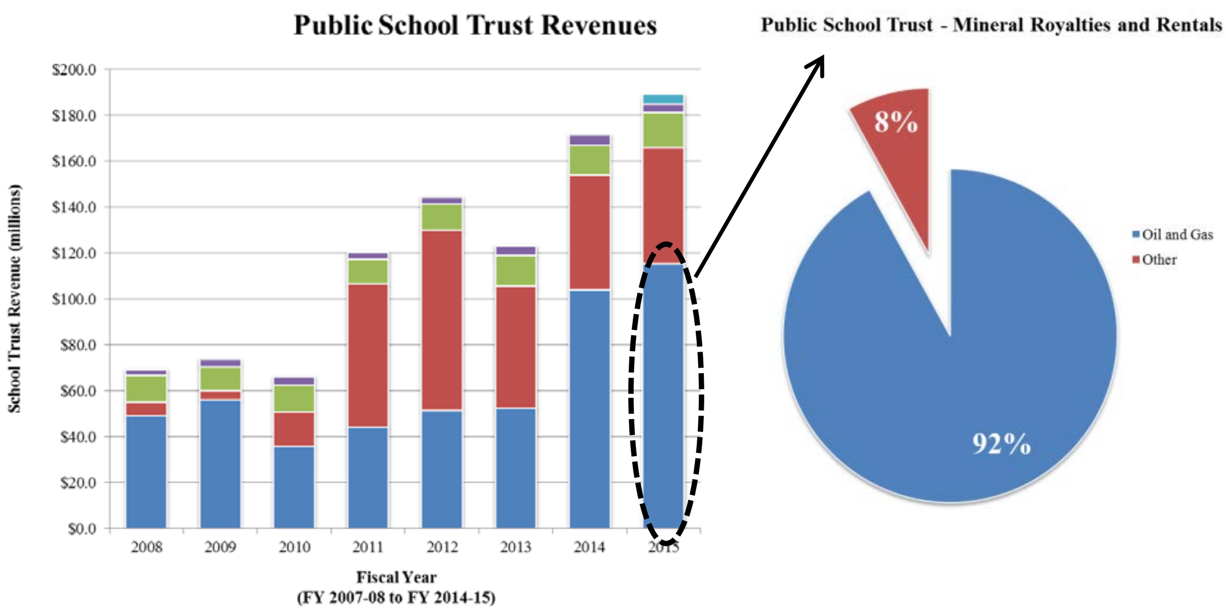
State Land Board forecast for School Trust revenues through FY 2017-18. Please note that the forecast assumes that (1) oil production on state lands will remain flat in the current year, then decline over the next several years, and (2) the price of oil will be $35 per barrel through FY 2017-18.



By FY 2017-18, School Trust revenues are projected to fall by 59.2 percent from peak revenues in FY 2014-15. This is largely the result of: (1) a decline in oil and gas royalties due to falling production and low oil prices, (2) the completion of two large multi-year bonus payments, and (3) a general decrease in revenue from bonus payments for other properties.

Oil and Gas Royalty and Rental Revenue

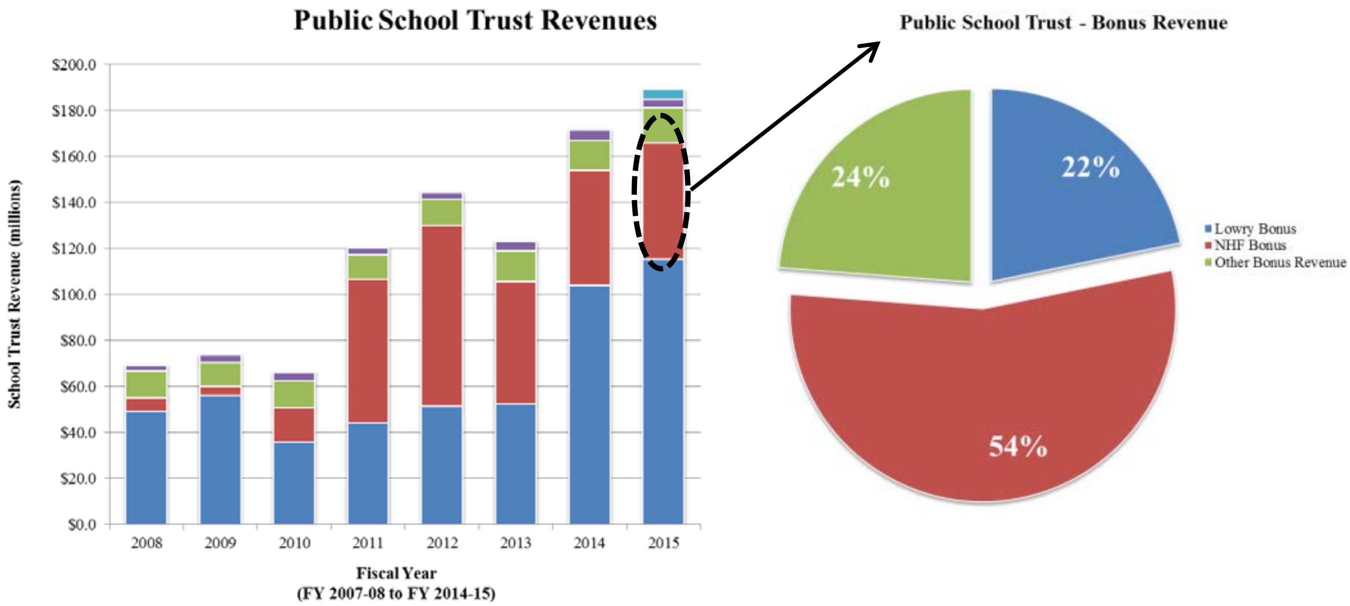
Royalty and rental payments from mineral development have consistently been one of the largest sources of revenue for the School Trust over time, most of which comes from oil and gas. The following figure shows the division of royalty and rental revenue generated in FY 2014-15 by oil and gas leases compared to other resources (e.g. coal, gravel, limestone, and other minerals):



There are currently 658 existing horizontal oil and gas wells on state trust lands, which were expected to support strong royalty revenues over the next several years. However, given current market conditions, the State Land Board expects royalty revenues to decline by almost 64 percent from $104.4 million in FY 2014-15 to $37.8 million in FY 2017-18. Rental revenues are projected to remain relatively stable at approximately $2.5 million per year. Staff would note that the projected decrease in royalty revenue is a worst-case estimate of the impact of low oil prices because the State Land Board assumed a price of $35 per barrel for each of the three fiscal years in the forecast.

Oil and Gas Bonus Revenue

Bonuses essentially function as bids for mineral leases on state trust lands. Bonus payments from oil and gas leases have been the second largest source of School Trust revenue over the last five years, but most of this revenue comes from two individual bonus payments. The Lowry Range and 70 Ranch (former National Hog Farm) bonuses are the highest on record and have generated almost $40 million in revenue for the School Trust each year. The following figure shows the division of bonus revenues collected in FY 2014-15.

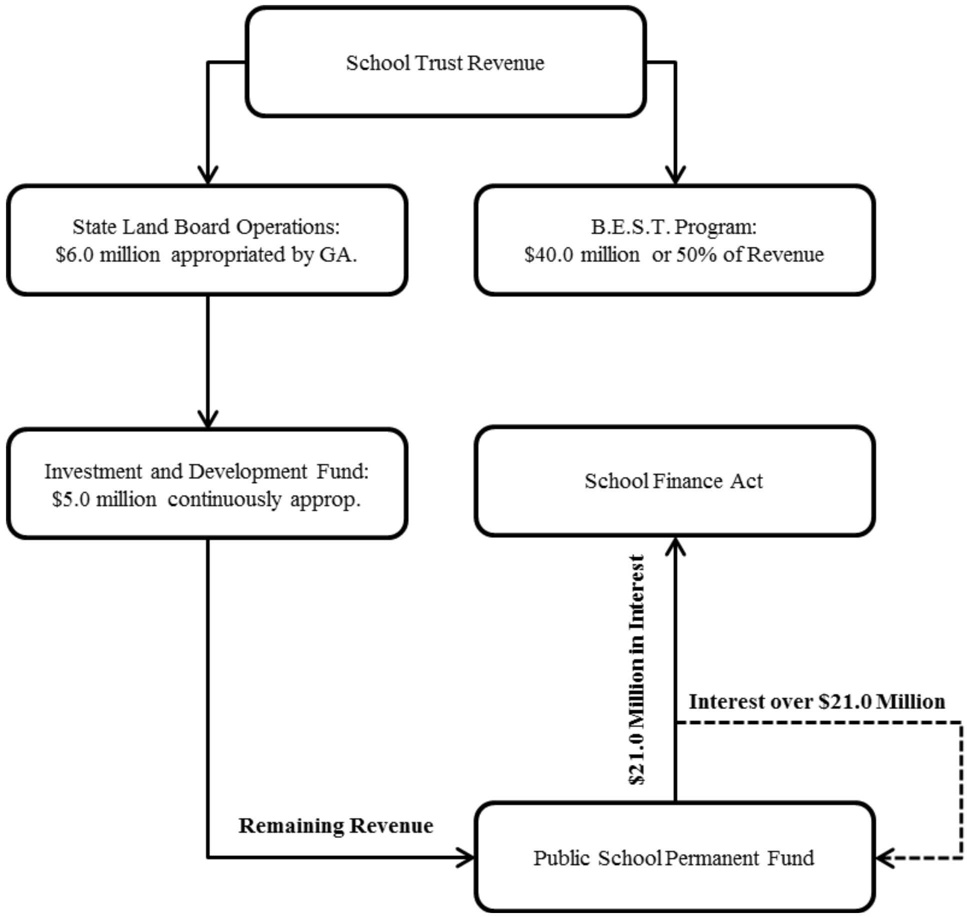


Payments on the Lowry Range will end in FY 2015-16 and 70 Ranch bonus payments will end at the end of FY 2016-17. This will eliminate about 20 percent of School Trust revenue off the top, creating what the State Land Board has referred to as a "bonus cliff." Other bonus payments are also expected to taper off by about 20 percent as the number of undeveloped trust land parcels that can support oil and gas production decreases. Please note, however, that both the Lowry Range and 70 Ranch property leases are now producing royalty revenue, $3.0 million and $30.0 million respectively in FY 2014-15.

Other School Trust Revenues
In spite of declines in oil- and gas-related revenue, the State Land Board anticipates growth among other assets between FY 2014-15 and FY 2017-18, including an increase of 11.5 percent in revenue from surface assests (e.g. agricultural, grazing, and recreational leases) and an increase of 65.4 percent from commerical leases (e.g. vertical and ground leases, tower sites, and renewable energy).

Distribution of School Trust Revenues

The following figure shows the distribution of School Trust revenues:



B.E.S.T. Funding

The Building Excellent Schools Today (B.E.S.T.) program was established in 2008 to provide grants to public schools for capital construction projects including building new facilities and rennovating existing buildings. There are four different sources of funding for B.E.S.T.—the School Trust, lottery proceeds, marjiuana excise tax, and interest income—but the School Trust is by far the largest contributor. Over the last five years, the School Trust has accounted for an average of about 87 percent of B.E.S.T. revenue annually.

As shown in the figure above, the B.E.S.T. program recieves the larger of 50.0 percent of School Trust revenue or $40.0 million (Section 22-43.7-104 (2) (b) (I) (B), C.R.S.). If 50.0 percent of School Trust revenue is *less* than $40.0 million, a portion of the money that would ultimately be credited to the Permanent Fund can be used to make up the difference.[1] This means that the School Trust has to earn at least $80.0 million in revenue to avoid diverting revenue from the Permanent Fund to make the B.E.S.T. program allocation whole. Based on the current revenue forecast from the State Land Board, non-interest School Trust revenues will drop below $80.0 million by FY 2017-18, leaving a shortfall of approximately $1.3 million in revenue due to the B.E.S.T. program.

FY 2016-17 State Land Board Requests

Pursuant to Section 36-1-145 (2) (b), the General Assembly is authorized to make annual appropriations for State Land Board operations from the State Land Board Trust Administration Fund. The revenue in the Administration comes from income generated by state trust lands (i.e. almost entirely from the Public School Trust). The State Land Board has two requests for FY 2016-17, one of which increases total appropriations from the Trust Administration Fund. These requests are detailed below.

R1 – ATLAS Asset Management System Licensing Fees
The Department's first priority request for FY 2016-17 is a net-zero transfer of $90,000 cash funds currently used to pay for support from the Office of Information Technology (OIT) to the State Land Board to fund ongoing licensing fees for ATLAS (Automated Trust Land Asset System), used to manage State Land Board assets.

In FY 2012-13, the State Land Board received an appropriation of $1.5 million cash funds to implement a new asset management system. The old system was outdated, inefficient, and complex, requiring full-time support from OIT. The new system, ATLAS, is cloud-based, has the capacity to integrate data from multiple databases, and connects to CORE for accounting purposes. Now that ATLAS is fully functional, the State Land Board has doubled the number of assets tracked digitally and can track leases in real time, which will increase both efficiency and trust revenue going forward.

ATLAS upgrades automatically and has been customized to meet the State Land Board's needs to the degree that outside support is no longer necessary. This request essentially repurposes the cash funds previously used for the OIT support required for the old asset management system to cover the ongoing cost of 45 licenses for ATLAS. These licenses are required in order for State Land Board staff to continue using ATLAS as an asset management tool. Without them, ATLAS would no longer be available and the benefits of the upgraded system would be lost.

R3 – West Slope Asset Manager
The Department's R3 request is for an increase of $87,515 cash funds from the State Land Board Trust Administration Fund and 1.0 FTE for an Asset Manager to help administer, inspect, and improve State Land Board assets in western Colorado. This position would assume some of the workload that is currently being handled by the two western District Managers, which includes:

[1] Statute specifies that any interest or income earned on moneys in the Permanent Fund cannot be used to backfill any shortfall in School Trust revenue allocated to the B.E.S.T. program. It must come from revenue that would contribute to principal in the Permanent Fund.

- inspecting State Land Board leases on a regular and more frequent basis;
- facilitating the timely approval of lease renewals and modifications; and
- increasing the number of weed management and land improvement projects performed on the West Slope.

The requested staffing structure—one Asset Manager and two District Managers—is already in place in the northern and southern regions of the state. The north and south Asset Managers (2.0 FTE) were hired using vacant positions identified through the LEAN process and the State Land Board feels that the additional staff has been beneficial in terms of: (1) inspecting properties more regularly, (2) monitoring and improving leased property, and (3) freeing up time for District Managers to pursue new acquisitions.

Inspections: The State Land Board finds lease violations in approximately 10 percent of all inspections and makes recommendations for improved lease management for about 30 percent of lessees during the inspection process. However, District Mangers in the western region are currently unable to inspect agricultural leases more than once during the 10-year lease term and non-agricultural leases are not inspected on a regular basis. With the requested Asset Manager, the State Land Board's objective is to increase the inspection rate for all lease types to twice over the course of a 10-year lease in the western region. After the addition of Asset Managers, the northern and southern regions have eliminated a backlog of inspections and are now conducting inspections in a more timely fashion.

New Acquisitions: The acquisition of new properties and the consolidation of assets are important for increasing trust revenue, especially in light of the projected decrease in oil and gas-related revenue. In the northern and southern regions, District Managers have been able to complete acquisitions of both land and water rights with the help of the regional Assistant Managers. Additionally, the State Land Board indicated that Asset Managers in the northern and southern regions have participated in the RFP and leasing process for several large ranches which contributed to higher lease rates and improved stewardship. District Managers in the western region are currently unable to conduct RFPs for large properties and do not have the time to pursue strategic acquisitions and disposals of assets which ultimately translates into forgone revenue for trust beneficiaries.

Monitoring and Improving Property: Asset Managers in the northern and southern regions currently assist with monitoring 15 large ranches that range from 12,000 to 87,000 acres, which has helped to address grazing stewardship issues on those properties. Additionally, District Managers in these regions have had available time to pursue opportunities that add value to existing properties, e.g. securing water rights to be utilized on a property or securing public access to properties. The State Land Board anticipates that the addition of an Asset Manager will allow District Managers to do the same in the western region as well.

Appendix A: Numbers Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
DEPARTMENT OF NATURAL RESOURCES					
Mike King, Executive Director					
(1) EXECUTIVE DIRECTOR'S OFFICE					
(A) Administration					
Personal Services	3,590,553	3,669,792	3,772,923	3,830,479	
FTE	39.1	37.8	41.3	41.3	
Cash Funds	0	0	0	0	
Reappropriated Funds	3,590,553	3,669,792	3,772,923	3,830,479	
Health, Life, and Dental	10,898,842	11,376,595	12,872,236	13,103,194 *	
General Fund	820,070	1,185,293	1,305,891	1,978,358	
Cash Funds	7,063,034	7,654,767	8,583,619	9,960,439	
Reappropriated Funds	1,439,495	1,208,214	1,452,359	822,186	
Federal Funds	1,576,243	1,328,321	1,530,367	342,211	
Short-term Disability	174,073	205,739	208,790	179,128 *	
General Fund	30,102	32,444	33,069	28,046	
Cash Funds	113,478	141,966	143,848	141,312	
Reappropriated Funds	5,634	5,896	6,326	5,014	
Federal Funds	24,859	25,433	25,547	4,756	

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	3,705,042	4,276,535	4,674,630	5,158,698 *	
General Fund	572,359	674,702	742,138	807,711	
Cash Funds	2,508,284	2,950,793	3,226,274	4,069,517	
Reappropriated Funds	107,304	122,583	141,848	144,575	
Federal Funds	517,095	528,457	564,370	136,895	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	3,342,999	4,009,253	4,515,192	5,104,902 *	
General Fund	514,883	632,533	716,838	799,297	
Cash Funds	2,264,422	2,766,369	3,116,232	4,027,067	
Reappropriated Funds	96,872	114,923	136,992	143,069	
Federal Funds	466,822	495,428	545,130	135,469	
Salary Survey	2,364,281	2,818,625	1,153,648	50,669	
General Fund	308,185	432,104	185,225	10,716	
Cash Funds	1,919,674	1,948,185	897,944	33,877	
Reappropriated Funds	66,251	82,176	35,294	6,076	
Federal Funds	70,171	356,160	35,185	0	
Merit Pay	1,527,049	1,030,883	945,138	0	
General Fund	254,746	175,507	180,081	0	
Cash Funds	1,173,674	699,752	712,925	0	
Reappropriated Funds	53,444	30,328	32,228	0	
Federal Funds	45,185	125,296	19,904	0	
Shift Differential	31,242	29,155	42,291	41,899	
General Fund	0	0	0	0	
Cash Funds	31,242	29,155	42,291	41,899	

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Workers' Compensation	1,566,177	1,879,077	1,482,367	1,466,752	
General Fund	70,152	53,330	43,452	42,994	
Cash Funds	1,470,317	1,814,534	1,430,876	1,415,804	
Reappropriated Funds	94	8,980	7,843	7,760	
Federal Funds	25,614	2,233	196	194	
Operating Expenses	473,467	852,565	1,246,674	1,246,674	
Cash Funds	290,551	673,752	1,057,006	1,057,006	
Reappropriated Funds	177,579	174,010	184,331	184,331	
Federal Funds	5,337	4,803	5,337	5,337	
Legal Services	4,449,075	4,945,944	4,842,850	4,842,850	
General Fund	1,167,052	1,294,457	1,242,161	1,242,161	
Cash Funds	3,213,097	3,556,235	3,487,568	3,487,568	
Reappropriated Funds	43,851	51,683	49,595	49,595	
Federal Funds	25,075	43,569	63,526	63,526	
Payment to Risk Management and Property Funds	835,402	767,271	711,637	807,212	
General Fund	87,267	80,713	76,085	81,971	
Cash Funds	720,247	662,823	614,081	702,650	
Reappropriated Funds	16,403	13,431	12,124	12,722	
Federal Funds	11,485	10,304	9,347	9,869	
Vehicle Lease Payments	3,089,942	3,276,868	3,833,123	4,130,502 *	
General Fund	297,201	241,433	245,236	267,282	
Cash Funds	2,732,523	2,970,835	3,475,199	3,748,920	
Reappropriated Funds	6,727	3,441	54,610	47,276	
Federal Funds	53,491	61,159	58,078	67,024	

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Information Technology Asset Maintenance	62,500	260,400	263,159	263,159	
General Fund	31,628	28,869	31,628	31,628	
Cash Funds	11,749	140,993	140,993	140,993	
Reappropriated Funds	19,123	90,538	90,538	90,538	
Federal Funds	0	0	0	0	
Leased Space	1,331,033	1,223,250	1,346,896	1,396,694 *	
General Fund	532,215	568,930	574,079	587,245	
Cash Funds	761,740	619,108	718,125	764,884	
Reappropriated Funds	0	0	18,000	18,000	
Federal Funds	37,078	35,212	36,692	26,565	
Capitol Complex Leased Space	1,174,622	972,920	1,381,111	1,431,578	
General Fund	277,908	205,939	292,340	303,023	
Cash Funds	561,681	496,633	704,996	730,758	
Reappropriated Funds	199,814	166,393	236,205	244,835	
Federal Funds	135,219	103,955	147,570	152,962	
Integrated Resource Services	0	0	250,000	0	
General Fund	0	0	0	0	
Reappropriated Funds	0	0	250,000	0	
CORE Operations	1,351,127	877,953	1,723,832	2,664,588	
General Fund	130,479	235,429	253,791	400,781	
Cash Funds	1,113,765	585,344	1,257,221	2,061,788	
Reappropriated Funds	67,437	23,453	73,908	116,712	
Federal Funds	39,446	33,727	138,912	85,307	

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Species Conservation Trust Fund	25,080	1,281,383	5,000,000	0	
Cash Funds	25,080	1,281,383	5,000,000	0	
Payments to OIT	0	8,341,099	8,099,685	8,696,349 *	
General Fund	0	830,877	1,209,903	1,408,055	
Cash Funds	0	6,393,110	5,792,325	5,978,893	
Reappropriated Funds	0	992,423	1,009,531	1,165,917	
Federal Funds	0	124,689	87,926	143,484	
Purchase of Services from Computer Center	5,986,663	0	0	0	
General Fund	458,489	0	0	0	
Cash Funds	3,993,259	0	0	0	
Reappropriated Funds	1,369,892	0	0	0	
Federal Funds	165,023	0	0	0	
Multiuse Network Payments	2,206,025	0	0	0	
General Fund	302,137	0	0	0	
Cash Funds	1,748,057	0	0	0	
Reappropriated Funds	138,626	0	0	0	
Federal Funds	17,205	0	0	0	
Management and Administration of OIT	273,645	0	0	0	
General Fund	35,113	0	0	0	
Cash Funds	227,786	0	0	0	
Reappropriated Funds	6,106	0	0	0	
Federal Funds	4,640	0	0	0	

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Communication Services Payments	1,157,811	0	0	0	
General Fund	0	0	0	0	
Cash Funds	1,157,811	0	0	0	
Information Technology Security	99,835	0	0	0	
General Fund	7,026	0	0	0	
Cash Funds	72,362	0	0	0	
Reappropriated Funds	18,499	0	0	0	
Federal Funds	1,948	0	0	0	
SUBTOTAL - (A) Administration	49,716,485	52,095,307	58,366,182	54,415,327	(6.8%)
FTE	39.1	37.8	41.3	41.3	0.0%
General Fund	5,897,012	6,672,560	7,131,917	7,989,268	12.0%
Cash Funds	33,173,833	35,385,737	40,401,523	38,363,375	(5.0%)
Reappropriated Funds	7,423,704	6,758,264	7,564,655	6,889,085	(8.9%)
Federal Funds	3,221,936	3,278,746	3,268,087	1,173,599	(64.1%)
(B) Special Programs					
Colorado Avalanche Information Center	647,478	884,500	1,048,446	1,063,018	
FTE	8.3	8.3	10.9	10.9	
General Fund	0	0	0	0	
Cash Funds	277,284	347,904	439,672	454,557	
Reappropriated Funds	372,189	440,062	589,803	589,490	
Federal Funds	(1,995)	96,534	18,971	18,971	
Indirect Cost Assessment	34,564	14,800	25,620	32,918	
Cash Funds	34,564	11,334	25,620	27,746	
Federal Funds	0	3,466	0	5,172	

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
SUBTOTAL - (B) Special Programs	682,042	899,300	1,074,066	1,095,936	2.0%
FTE	8.3	8.3	10.9	10.9	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	311,848	359,238	465,292	482,303	3.7%
Reappropriated Funds	372,189	440,062	589,803	589,490	(0.1%)
Federal Funds	(1,995)	100,000	18,971	24,143	27.3%
TOTAL - (1) Executive Director's Office	50,398,527	52,994,607	59,440,248	55,511,263	(6.6%)
FTE	47.4	46.1	52.2	52.2	0.0%
General Fund	5,897,012	6,672,560	7,131,917	7,989,268	12.0%
Cash Funds	33,485,681	35,744,975	40,866,815	38,845,678	(4.9%)
Reappropriated Funds	7,795,893	7,198,326	8,154,458	7,478,575	(8.3%)
Federal Funds	3,219,941	3,378,746	3,287,058	1,197,742	(63.6%)

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(2) DIVISION OF RECLAMATION, MINING, AND SAFETY					
(A) Coal Land Reclamation					
Program Costs	2,126,557	2,181,654	2,219,915	2,243,667	
FTE	19.6	18.7	22.0	21.0	
General Fund	0	0	0	0	
Cash Funds	449,087	467,606	475,589	480,496	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,677,470	1,714,048	1,744,326	1,763,171	
Indirect Cost Assessment	122,636	169,518	136,099	124,048	
General Fund	0	0	0	0	
Cash Funds	30,480	27,931	28,581	26,050	
Federal Funds	92,156	141,587	107,518	97,998	
SUBTOTAL - (A) Coal Land Reclamation	2,249,193	2,351,172	2,356,014	2,367,715	0.5%
FTE	19.6	18.7	22.0	21.0	(4.5%)
General Fund	0	0	0	0	0.0%
Cash Funds	479,567	495,537	504,170	506,546	0.5%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	1,769,626	1,855,635	1,851,844	1,861,169	0.5%

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(B) Inactive Mines					
Program Costs	1,330,914	1,243,620	1,839,474	1,861,137	
FTE	7.5	9.0	16.3	16.3	
General Fund	0	0	0	0	
Cash Funds	582,012	477,401	623,607	623,942	
Federal Funds	748,902	766,219	1,215,867	1,237,195	
Legacy Mine Hydrology Projects	371,130	349,412	411,665	412,783	
FTE	0.5	0.5	1.2	1.2	
Cash Funds	371,130	349,412	381,665	382,783	
Reappropriated Funds	0	0	30,000	30,000	
Reclamation of Forfeited Mine Sites	247,499	111,350	121,162	121,162	
FTE	0.1	0.1	0.3	0.3	
Cash Funds	247,499	111,350	121,162	121,162	
Indirect Cost Assessment	163,568	184,861	166,972	140,072	
Cash Funds	59,504	16,733	23,343	15,991	
Federal Funds	104,064	168,128	143,629	124,081	
Abandoned Mine Safety	0	99,850	0	0	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	99,850	0	0	

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
SUBTOTAL - (B) Inactive Mines	2,113,111	1,989,093	2,539,273	2,535,154	(0.2%)
FTE	8.1	9.6	17.8	17.8	(0.0%)
General Fund	0	0	0	0	0.0%
Cash Funds	1,260,145	1,054,746	1,149,777	1,143,878	(0.5%)
Reappropriated Funds	0	0	30,000	30,000	0.0%
Federal Funds	852,966	934,347	1,359,496	1,361,276	0.1%
(C) Minerals					
Program Costs	2,201,071	2,203,379	2,219,109	2,243,243	
FTE	19.5	20.8	24.1	24.1	
General Fund	0	0	0	0	
Cash Funds	2,201,071	2,203,379	2,219,109	2,243,243	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Indirect Cost Assessment	144,147	124,971	132,003	110,704	
Cash Funds	144,147	124,971	132,003	110,704	
SUBTOTAL - (C) Minerals	2,345,218	2,328,350	2,351,112	2,353,947	0.1%
FTE	19.5	20.8	24.1	24.1	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	2,345,218	2,328,350	2,351,112	2,353,947	0.1%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(D) Mines Program					
Colorado and Federal Mine Safety Program	491,021	616,703	535,850	539,837	
FTE	4.0	3.3	4.0	4.0	
General Fund	0	0	0	0	
Cash Funds	324,324	335,116	346,205	350,192	
Reappropriated Funds	0	0	0	0	
Federal Funds	166,697	281,587	189,645	189,645	
Blaster Certification Program	108,353	109,462	112,052	112,878	
FTE	1.2	1.1	1.0	1.0	
Cash Funds	22,606	22,839	23,381	23,552	
Federal Funds	85,747	86,623	88,671	89,326	
Indirect Cost Assessment	23,072	33,765	25,541	18,980	
Cash Funds	16,180	16,265	18,200	7,518	
Federal Funds	6,892	17,500	7,341	11,462	
SUBTOTAL - (D) Mines Program	622,446	759,930	673,443	671,695	(0.3%)
FTE	5.2	4.4	5.0	5.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	363,110	374,220	387,786	381,262	(1.7%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	259,336	385,710	285,657	290,433	1.7%

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(E) Emergency Response Costs					
Emergency Response Costs	25,000	0	100,000	100,000	
General Fund	0	0	0	0	
Cash Funds	25,000	0	100,000	100,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (E) Emergency Response Costs	25,000	0	100,000	100,000	0.0%
FTE	0.0	0.0	0.0	0.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	25,000	0	100,000	100,000	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - (2) Division of Reclamation, Mining, and Safety	7,354,968	7,428,545	8,019,842	8,028,511	0.1%
FTE	52.4	53.5	68.9	67.9	(1.5%)
General Fund	0	0	0	0	0.0%
Cash Funds	4,473,040	4,252,853	4,492,845	4,485,633	(0.2%)
Reappropriated Funds	0	0	30,000	30,000	0.0%
Federal Funds	2,881,928	3,175,692	3,496,997	3,512,878	0.5%

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(3) OIL AND GAS CONSERVATION COMMISSION					
Program Costs	8,015,526	8,065,818	10,128,579	10,073,017	
FTE	80.4	92.6	108.3	108.3	
General Fund	0	0	0	0	
Cash Funds	8,015,526	8,065,818	10,128,579	10,073,017	
Underground Injection Program	96,559	115,117	96,559	96,559	
FTE	2.0	2.0	2.0	2.0	
Federal Funds	96,559	115,117	96,559	96,559	
Plugging and Reclaiming Abandoned Wells	429,031	425,058	445,000	445,000	
Cash Funds	429,031	425,058	445,000	445,000	
Environmental Assistance and Complaint Resolution	281,556	295,219	312,033	312,033	
Cash Funds	281,556	295,219	312,033	312,033	
Emergency Response	0	0	1,000,000	1,000,000	
Cash Funds	0	0	1,000,000	1,000,000	
Special Environmental Protection and Mitigation Studies	162,948	320,406	325,000	325,000	
Cash Funds	162,948	320,406	325,000	325,000	

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Indirect Cost Assessment	445,953	419,406	519,853	500,010	
General Fund	0	0	0	0	
Cash Funds	429,764	405,234	508,896	492,010	
Reappropriated Funds	0	0	0	0	
Federal Funds	16,189	14,172	10,957	8,000	
TOTAL - (4) Oil and Gas Conservation Commission	9,431,573	9,641,024	12,827,024	12,751,619	(0.6%)
FTE	82.4	94.6	110.3	110.3	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	9,318,825	9,511,735	12,719,508	12,647,060	(0.6%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	112,748	129,289	107,516	104,559	(2.8%)

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(4) STATE BOARD OF LAND COMMISSIONERS					
Program Costs	4,130,917	4,222,246	4,328,760	4,553,080 *	
FTE	37.0	38.6	40.0	41.0	
General Fund	0	0	0	0	
Cash Funds	4,130,917	4,222,246	4,328,760	4,553,080	
Federal Funds	0	0	0	0	
Public Access Program Damage and Enhancement Costs	142,956	96,480	225,000	225,000	
Reappropriated Funds	142,956	96,480	225,000	225,000	
Indirect Cost Assessment	224,959	216,768	248,149	223,835	
Cash Funds	224,959	216,768	248,149	223,835	
Asset Management System Upgrade	1,182,350	0	0	0	
Cash Funds	1,182,350	0	0	0	
TOTAL - (5) State Board of Land Commissioners	5,681,182	4,535,494	4,801,909	5,001,915	4.2%
FTE	37.0	38.6	40.0	41.0	2.5%
General Fund	0	0	0	0	0.0%
Cash Funds	5,538,226	4,439,014	4,576,909	4,776,915	4.4%
Reappropriated Funds	142,956	96,480	225,000	225,000	0.0%
Federal Funds	0	0	0	0	0.0%

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request		Request vs. Appropriation
(5) DIVISION OF PARKS AND WILDLIFE						
(A) Colorado Parks and Wildlife Operations						
State Park Operations	29,029,767	28,049,365	28,829,044	29,531,592	*	
FTE	238.6	243.9	255.1	255.1		
General Fund	0	0	150,000	150,000		
Cash Funds	27,940,310	27,295,654	28,234,238	28,936,786		
Reappropriated Funds	0	0	0	0		
Federal Funds	1,089,457	753,711	444,806	444,806		
Wildlife Operations	72,352,021	74,916,214	80,797,076	82,324,795	*	
FTE	631.0	629.3	622.6	619.6		
General Fund	471,773	0	0	0		
Cash Funds	56,763,117	59,399,086	61,622,393	63,150,112		
Federal Funds	15,117,131	15,517,128	19,174,683	19,174,683		
SUBTOTAL - (A) Colorado Parks and Wildlife Operations	101,381,788	102,965,579	109,626,120	111,856,387		2.0%
FTE	869.6	873.2	877.7	874.7		(0.3%)
General Fund	471,773	0	150,000	150,000		0.0%
Cash Funds	84,703,427	86,694,740	89,856,631	92,086,898		2.5%
Reappropriated Funds	0	0	0	0		0.0%
Federal Funds	16,206,588	16,270,839	19,619,489	19,619,489		0.0%

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(B) Special Purpose					
Snowmobile Program	846,711	738,850	1,005,412	1,007,952	
FTE	1.3	1.6	1.3	1.3	
Cash Funds	846,711	738,850	1,005,412	1,007,952	
River Outfitters Regulation	98,200	97,244	145,991	146,975	
FTE	0.4	0.4	0.5	0.5	
Cash Funds	98,200	97,244	145,991	146,975	
Off-highway Vehicle Program Support	472,065	409,413	545,280	550,006	
FTE	3.2	3.8	3.0	3.0	
Cash Funds	472,065	409,413	545,280	550,006	
Off-highway Vehicle Direct Services	3,888,298	3,448,174	4,000,000	4,000,000	
Cash Funds	3,888,298	3,448,174	4,000,000	4,000,000	
Federal Grants	1,059,402 1.3	570,904 1.3	750,000	750,000	
Federal Funds	1,059,402	570,904	750,000	750,000	
S.B. 03-290 Enterprise Fund	178,753	263,978	200,000	200,000	
Cash Funds	178,753	263,978	200,000	200,000	
Information Technology	2,212,574	2,244,910	2,881,895	2,881,895	
Cash Funds	2,212,574	2,244,910	2,881,895	2,881,895	
Natural Resource Protection	0	0	600,000	600,000	
Cash Funds	0	0	150,000	150,000	
Federal Funds	0	0	450,000	450,000	

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Trails Grants	2,510,581	1,216,492	2,200,000	2,200,000	
Cash Funds	1,437,934	196,372	1,800,000	1,800,000	
Federal Funds	1,072,647	1,020,120	400,000	400,000	
S.B. 08-226 Aquatic Nuisance Species	4,322,261	4,109,099	3,879,355	3,886,424	
FTE	5.9	5.3	4.0	4.0	
Cash Funds	4,200,662	4,109,099	3,879,355	3,886,424	
Federal Funds	121,599	0	0	0	
Game Damage Claims and Prevention	1,025,038	1,268,017	1,282,500	1,282,500	
Cash Funds	1,025,038	1,268,017	1,282,500	1,282,500	
Instream Flow Program	296,027	0	296,027	296,027	
Cash Funds	296,027	0	296,027	296,027	
Habitat Partnership Program	2,119,123	1,577,592	2,500,000	2,500,000 3.0	*
Cash Funds	2,119,123	1,577,592	2,500,000	2,500,000	
Grants and Habitat Partnerships	513,474	289,765	1,625,000	1,625,000	
Cash Funds	322,542	289,765	1,625,000	1,625,000	
Federal Funds	190,932	0	0	0	
Asset Maintenance and Repairs	3,162,085	2,903,190	2,606,880	2,606,880	
Cash Funds	3,162,085	2,903,190	2,606,880	2,606,880	
Beaver Park Dam Repayment	0	0	333,333	333,333	
Cash Funds	0	0	333,333	333,333	

*This line item includes a decision item.

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Indirect Cost Assessment	5,640,070	5,099,745	5,325,240	5,117,776	
Cash Funds	4,950,219	4,329,373	4,677,163	4,441,293	
Federal Funds	689,851	770,372	648,077	676,483	
SUBTOTAL - (B) Special Purpose	28,344,662	24,237,373	30,176,913	29,984,768	(0.6%)
FTE	12.1	12.4	8.8	11.8	34.1%
Cash Funds	25,210,231	21,875,977	27,928,836	27,708,285	(0.8%)
Federal Funds	3,134,431	2,361,396	2,248,077	2,276,483	1.3%
TOTAL - (5) Division of Parks and Wildlife	129,726,450	127,202,952	139,803,033	141,841,155	1.5%
FTE	881.7	885.6	886.5	886.5	0.0%
General Fund	471,773	0	150,000	150,000	0.0%
Cash Funds	109,913,658	108,570,717	117,785,467	119,795,183	1.7%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	19,341,019	18,632,235	21,867,566	21,895,972	0.1%

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(6) COLORADO WATER CONSERVATION BOARD					
(A) Administration					
Personal Services	2,598,915	2,934,737	3,076,632	3,127,556	
FTE	27.2	29.8	30.0	30.0	
General Fund	0	0	0	0	
Cash Funds	2,302,888	2,643,150	2,785,045	2,835,969	
Reappropriated Funds	296,027	291,587	291,587	291,587	
Operating Expenses	467,950	472,514	472,894	472,894	
Cash Funds	467,950	472,514	472,894	472,894	
River Decision Support Systems	394,781	340,708	474,511	479,379	
FTE	3.0	2.9	4.0	4.0	
Cash Funds	394,781	340,708	474,511	479,379	
SUBTOTAL - (A) Administration	3,461,646	3,747,959	4,024,037	4,079,829	1.4%
FTE	30.2	32.7	34.0	34.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	3,165,619	3,456,372	3,732,450	3,788,242	1.5%
Reappropriated Funds	296,027	291,587	291,587	291,587	0.0%
(B) Special Purpose					
Intrastate Water Management and Development	419,686	433,896	470,464	470,464	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	419,686	433,896	470,464	470,464	

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Federal Emergency Management Assistance	144,559	137,298	153,373	156,089	
FTE	2.0	2.0	2.0	2.0	
Cash Funds	0	0	13,732	13,732	
Federal Funds	144,559	137,298	139,641	142,357	
Weather Modification	13,972	19,400	25,000	25,000	
Cash Funds	13,972	19,400	25,000	25,000	
Water Conservation Program	251,453	294,314	366,425	355,771	
FTE	3.5	3.9	4.0	4.0	
Cash Funds	251,453	294,314	366,425	355,771	
Water Efficiency Grant Program	413,069	389,126	598,788	600,804	
FTE	1.0	1.0	1.0	1.0	
Cash Funds	413,069	389,126	598,788	600,804	
Severance Tax Fund	1,264,801	1,267,050	1,275,500	1,275,500	
Cash Funds	1,264,801	1,267,050	1,275,500	1,275,500	
Interbasin Compacts	938,298	735,905	1,147,968	1,153,131	
FTE	3.7	3.8	3.7	3.7	
Cash Funds	938,298	735,905	1,147,968	1,153,131	
Platte River Basin Cooperative Agreement	192,533	188,729	239,762	242,438	
FTE	1.0	1.0	1.0	1.0	
Cash Funds	192,533	188,729	239,762	242,438	
S.B. 02-87 Colorado Watershed Protection Fund	67,625	66,451	119,942	119,942	
Cash Funds	67,625	66,451	119,942	119,942	

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Water Construction Fund Bill	32,040,000	4,870,254	5,580,000	0	
Cash Funds	32,040,000	4,870,254	5,580,000	0	
H.B. 15-1006 Invasive Phreatopyhte Grants	0	0	2,000,000	2,000,000	
Cash Funds	0	0	2,000,000	2,000,000	
H.B. 15-1178 Emergency Pumping of High Groundwater	0	0	165,000	290,000	
Cash Funds	0	0	165,000	290,000	
Indirect Cost Assessment	542,289	436,480	489,283	386,929	
Cash Funds	491,158	408,801	448,704	338,836	
Federal Funds	51,131	27,679	40,579	48,093	
H.B. 12-1278 South Platte Alluvial Aquifer Study	395,293	0	0	0	
General Fund	0	0	0	0	
Cash Funds	395,293	0	0	0	
SUBTOTAL - (B) Special Purpose	36,683,578	8,838,903	12,631,505	7,076,068	(44.0%)
FTE	11.2	11.7	11.7	11.7	(0.0%)
General Fund	0	0	0	0	0.0%
Cash Funds	36,487,888	8,673,926	12,451,285	6,885,618	(44.7%)
Federal Funds	195,690	164,977	180,220	190,450	5.7%
TOTAL - (6) Colorado Water Conservation Board	40,145,224	12,586,862	16,655,542	11,155,897	(33.0%)
FTE	41.4	44.4	45.7	45.7	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	39,653,507	12,130,298	16,183,735	10,673,860	(34.0%)
Reappropriated Funds	296,027	291,587	291,587	291,587	0.0%
Federal Funds	195,690	164,977	180,220	190,450	5.7%

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(7) WATER RESOURCES DIVISION					
(A) Division Operations					
Water Administration	18,944,306	20,294,851	20,895,829	21,203,600	
FTE	234.8	235.3	252.0	252.1	
General Fund	18,534,732	19,399,824	20,194,633	20,527,404	
Cash Funds	409,574	77,290	701,196	676,196	
Reappropriated Funds	0	817,737	0	0	
Well Inspection	190,045	131,348	379,038	379,038	
FTE	2.0	2.0	3.0	3.0	
Cash Funds	190,045	131,348	379,038	379,038	
Satellite Monitoring System	497,506	398,063	505,028	505,028	
FTE	1.3	1.0	2.0	2.0	
General Fund	194,967	168,116	194,968	194,968	
Cash Funds	302,539	229,947	310,060	310,060	
Federal Grants	258,308	337,214	194,260	194,260	
FTE	0.4	0.0	0.0	0.0	
Federal Funds	258,308	337,214	194,260	194,260	

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
River Decision Support Systems	206,232	206,232	211,208	211,208	
FTE	2.0	2.2	2.0	2.0	
Cash Funds	206,232	206,232	211,208	211,208	
SUBTOTAL - (A) Division Operations	20,096,397	21,367,708	22,185,363	22,493,134	1.4%
FTE	240.5	240.5	259.0	259.1	0.0%
General Fund	18,729,699	19,567,940	20,389,601	20,722,372	1.6%
Cash Funds	1,108,390	644,817	1,601,502	1,576,502	(1.6%)
Reappropriated Funds	0	817,737	0	0	0.0%
Federal Funds	258,308	337,214	194,260	194,260	0.0%
(B) Special Purpose					
Dam Emergency Repair	50,000	0	50,000	50,000	
Cash Funds	50,000	0	50,000	50,000	
H.B. 03-1334 Temporary Water Supply Agreements	0	0	61,589	61,589	
Cash Funds	0	0	61,589	61,589	
Indirect Cost Assessment	36,285	47,780	74,677	72,490	
Cash Funds	25,379	45,966	66,494	66,851	
Federal Funds	10,906	1,814	8,183	5,639	
CWCB Projects Bill	340,744	325,506	0	0	
Cash Funds	340,744	325,506	0	0	
SUBTOTAL - (B) Special Purpose	427,029	373,286	186,266	184,079	(1.2%)
FTE	0.0	0.0	0.0	0.0	0.0%
Cash Funds	416,123	371,472	178,083	178,440	0.2%
Federal Funds	10,906	1,814	8,183	5,639	(31.1%)

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
TOTAL - (7) Water Resources Division	20,523,426	21,740,994	22,371,629	22,677,213	1.4%
FTE	240.5	240.5	259.0	259.1	0.0%
General Fund	18,729,699	19,567,940	20,389,601	20,722,372	1.6%
Cash Funds	1,524,513	1,016,289	1,779,585	1,754,942	(1.4%)
Reappropriated Funds	0	817,737	0	0	0.0%
Federal Funds	269,214	339,028	202,443	199,899	(1.3%)
TOTAL - Department of Natural Resources	263,261,350	236,130,478	263,919,227	256,967,573	(2.6%)
FTE	1,382.8	1,403.3	1,462.6	1,462.7	0.0%
General Fund	25,098,484	26,240,500	27,671,518	28,861,640	4.3%
Cash Funds	203,907,450	175,665,881	198,404,864	192,979,271	(2.7%)
Reappropriated Funds	8,234,876	8,404,130	8,701,045	8,025,162	(7.8%)
Federal Funds	26,020,540	25,819,967	29,141,800	27,101,500	(7.0%)

Appendix B: Recent Legislation Affecting the Department Budget

2014 Session Bills

S.B. 14-188 (Species Conservation Trust Fund Projects): Transfers $6.5 million from the Severance Tax Operational fund to the Species Conservation Trust Fund in FY 2014-15. Appropriates the same amount from the Species Conservation Trust Fund to the Department of Natural Resources for programs to conserve native species that have been listed as threatened or endangered under state or federal law, or are likely to become candidate species as determined by the United States Fish and Wildlife Services. Reappropriates $163,944 of the authorized expenditures from the Species Conservation Trust Fund and 1.0 FTE to the Department of Law for legal expenses for Endangered Species Act litigation in FY 2014-15. Transfers $5.0 million between the Severance Tax Operational Fund and the Species Conservation Trust Fund annually beginning July 1, 2015 and ending July 1, 2018.

H.B. 14-1333 (CWCB Construction Fund Projects): Appropriates $5,380,000 cash funds from the Colorado Water Conservation Board (CWCB) Construction Fund to the Department of Natural Resources in FY 2014-15 for various water-related projects. Authorizes $131,199,000 in loans to special water districts from moneys available in the CWCB Construction fund or the Severance Tax Perpetual Base fund. Transfers $1,575,000 in FY 2014-15 from the Severance Tax Perpetual Base Fund to the CWCB Construction Fund for the Long Hollow Reservoir Construction project. Transfers $1,200,000 from the CWCB Construction Fund to the Litigation Fund. Transfers $500,000 in FY 2014-15 from the CWCB Construction Fund to the Flood and Drought Response Fund. Extends CWCB spending authority for the Windy Gap Reservoir Bypass Channel Project through July 1, 2016.

H.B. 14-1336 (Long Bill): General appropriations act for FY 2014-15.

H.B. 14-1356 (Increase OGCC Penalty Authority): Increases the maximum daily penalty to $15,000 and repeals the maximum total penalty for violations of the Oil and Gas Conservation Act. Requires the Oil and Gas Conservation Commission to promulgate rules to determine the duration of a violation, publish a quarterly report on penalties assessed, and make an annual presentation on penalties to General Assembly committees of reference. Appropriates $80,425 cash funds from the Oil and Gas Conservation and Environmental Response Fund and 0.9 FTE to the Department of Natural Resources for expected increases in enforcement expenditures in FY 2014-15.

2015 Session Bills

S.B. 15-008 (Promote Water Conservation in Land Use Planning): Directs the CWCB to develop training programs for local government water and land use planners on best management practices for water demand management and conservation. Appropriates $50,000 cash funds from the CWCB Construction Fund to the Department of Natural Resources in FY 2015-16.

S.B. 15-022 (Wildfire Risk Reduction Grant Program): Transfers $1.0 million cash funds from Tier II of the Severance Tax Operational Fund to the continuously appropriated Wildfire Risk Reduction Fund in FY 2015-16 to support a grant program for reducing hazardous fuels and other wildfire risk reduction projects.

S.B. 15-156 (Supplemental Bill): Supplemental appropriation to the Department of Natural Resources to modify FY 2014-15 appropriations included in the 2014 Long Bill (H.B. 14-1336).

S.B. 15-234 (Long Bill): General appropriations act for FY 2015-16.

S.B. 15-245 (Provide State Funding to Map Natural Hazard Areas): Creates a three-year program, administered by the Colorado Water Conservation Board, to fund natural hazard mapping projects in the state, including: floodplain mapping, erosion zone mapping, debris flow mapping, and associated data collection. Establishes the Natural Hazard Mapping Fund, which is continuously appropriated to the CWCB to fund the program, and transfers $6.8 million General Fund to the Natural Hazard Mapping Fund in three annual installments: $3.8 million in FY 2015-16, $2.4 million in FY 2016-17, and $670,000 in FY 2017-18.

S.B. 15-253 (CWCB Construction Fund Projects): Appropriates $5,580,000 cash funds from the CWCB Construction Fund to the Department of Natural Resources in FY 2015-16 for various water-related projects and authorizes $3.4 million in transfers including:

- $2,200,000 from the Severance Tax Operational Fund to the CWCB Construction Fund;
- $500,000 from Severance Tax Perpetual Base Fund to the CWCB Construction Fund;
- $500,000 from the CWCB Construction Fund to the Flood and Drought Response Fund; and
- $200,000 from the CWCB Construction Fund to the Litigation Fund.

S.B. 15-255 (Deposit Severance Tax Revenues In General Fund): Diverts up to the first $20.0 million in gross severance tax revenues collected after the effective date to the General Fund in FY 2014-15. Pursuant to Section 39-28-108 (2) (2) (I), C.R.S., the Department of Natural Resources and the Department of Local Affairs each receive 50.0 percent of total severance tax revenues. The diversion of up to $20.0 million will reduce available severance tax revenue to each department by up to $10.0 million in FY 2014-15. In the Department of Natural Resources, severance tax revenue is divided equally between the Severance Tax Operational Fund and the Severance Tax Perpetual Base Fund (i.e. each fund receives 25.0 percent of total severance tax revenues). As such, revenues distributed to these funds will be reduced by up to $5.0 million each in FY 2014-15. Please note that, based on the September 2015 Legislative Council Staff revenue forecast, $16.2 million in severance tax revenue was diverted to the General Fund by the end of FY 2014-15.

H.B. 15-1006 (Invasive Phreatophyte Grant Program): Creates the two-year Invasive Phreatophyte Grant Program, administered by the CWCB, for projects that manage invasive phreatophytes (e.g. Tamarisk and Russian Olive) within riparian areas of the state. Transfers $2.0 million cash funds from the Severance Tax Operational Fund to the CWCB Construction Fund in FY 2015-16 and appropriates the same amount in cash funds from the CWCB Construction Fund to the Department of Natural Resources.

H.B. 15-1013 (South Platte Aquifer Study Recommendations): Implements two recommendations from the study required by H.B. 12-1278, including: (1) the selection of two pilot projects to test alternative methods of lowering the water table in areas along the South Platte with damaging high groundwater; and (2) requiring the State Engineer to evaluate the impact of proposed recharge structures on groundwater levels and approve augmentation plans that include the construction of a recharge structure. Appropriates $41,959 General Fund to the Water Resources Division in Department of Natural Resources for FY 2015-16.

H.B. 15-1016 (Promote Precipitation Harvesting Pilot Projects): Directs the CWCB to update the criteria and guidelines for selecting pilot projects under the Precipitation Harvesting Pilot Program and specifies requirements for augmentation of precipitation captured out of priority by pilot projects. Appropriates $12,240 cash funds from the CWCB Construction Fund to CWCB in the Department of Natural Resources for FY 2015-16.

H.B. 15-1045 (Veterans Entrance Fee State Parks): Provides free admission to any state park or recreation area to military veterans and active duty personnel for the month of August each year. Appropriates $150,000 General Fund to the Division of Parks and Wildlife in the Department of Natural Resources for FY 2015-16.

H.B. 15-1150 (Severance Tax Operational Fund Transfer for Mine Reclamation): Provides for annual transfers of $127,000 cash funds from Tier II of the Severance Tax Operational Fund to the Reclamation Warranty and Forfeiture Fund to cover the full cost of reclamation projects at certain forfeited mine sites with inadequate bonds or financial warranties. Transfers begin in FY 2015-16 and would be subject to proportional reductions in any year that severance tax revenues are insufficient to support authorized Tier II expenditures.

H.B. 15-1166 (South Platte Alluvial Aquifer Monitoring Network): Requires the Water Resources Division to design and operate a tributary groundwater monitoring network in the South Platte alluvial aquifer with the objective of providing accurate groundwater level data to aid in public education and water planning. Appropriates $60,000 cash funds from the CWCB Construction Fund to the Water Resources Division in the Department of Natural Resources for FY 2015-16.

H.B. 15-1178 (Emergency Well Pumping Damaging High Groundwater): Establishes a grant program to facilitate the emergency pumping of dewatering wells in the areas of Gilcrest and Sterling, Colorado, and the collection of real-time data during the operation of dewatering wells. Transfers $165,000 from the General Fund to the Emergency Dewatering Grant Account in the CWCB Construction Fund, and appropriates the same amount from the CWCB Construction Fund to the Colorado Water Conservation Board in the Department of Natural Resources for FY 2015-16.

H.B. 15-1277 (Species Conservation Trust Fund Projects): Transfers $5.0 million from the Severance Tax Operational Fund to the Species Conservation Trust Fund in FY 2015-16. Authorizes the Department of Natural Resources to obligate and expend funds for programs to conserve native species that have been listed as threatened or endangered under state or federal law, or are likely to become candidate species as determined by the United States Fish and Wildlife Services.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

58 **Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Legacy Mine Hydrology Projects** – This appropriation remains available until completion of the project or the close of FY 2017-18, whichever comes first. At project completion or the end of the three-year period, any unexpended balance shall revert to the Severance Tax Operational Fund, from which they were appropriated.

Comment: This footnote provides roll-forward authority at the end of the fiscal year.

59 **Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Reclamation of Forfeited Mine Sites --** This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first. At project completion or the end of the three-year period, any unexpended amount shall revert to the Severance Tax Operational Fund, from which this appropriation was made.

Comment: This footnote provides roll-forward authority at the end of the fiscal year.

60 **Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response --** It is the intent of the General Assembly that this appropriation be expended in the event that there is an oil and gas related emergency under the jurisdiction of the Oil and Gas Conservation Commission. The purpose of this appropriation is for investigation, prevention, monitoring, and mitigation of circumstances caused by or are alleged to be associated with oil and gas activities and that call for immediate action by the Oil and Gas Conservation Commission.

Comment: This footnote sets forth the purpose, conditions, and limitations of the line item. The line item was created because of concern that emergency funding would be necessary during a time when the JBC may not be meeting during the interim, delaying the Department's ability to respond adequately.

61 **Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies --** It is the intent of the General Assembly that funding for this line item be used for special environmental protection and mitigation studies including, but not limited to gas seepage mitigation studies, outcrop monitoring studies, soil gas surveys in the vicinity of plugged orphaned wells, and baseline water quality and subsequent follow-up studies.

Comment: This footnote sets forth the purpose, conditions, and limitations of the line item.

62 **Department of Natural Resources, Division of Parks and Wildlife, Parks and Outdoor Recreation, Special Purpose, Off-highway Vehicle Direct Services** -- This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first.

Comment: This footnote authorizes three years of spending authority in order to allow the Division enough time to select grant recipients and to account for weather events that may extend the project completion time to more than a year.

63 **Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Grants and Habitat Partnerships** -- The appropriation to this line item remains available until the completion of the project or the close of FY 2017-18, whichever comes first.

Comment: This footnote authorizes three years of spending authority in order to allow the Division enough time to select grant recipients and to account for weather events that may extend the project completion time to more than a year.

64 **Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Asset Maintenance and Repairs** -- This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first.

Comment: This footnote authorizes three years of spending authority in order to allow the Division enough time to select grant recipients and to account for weather events that may extend the project completion time to more than a year.

Requests for Information

1 **Department of Natural Resources, Executive Director's Office, Administration, Integrated Resource Services --** The Department of Natural Resources is requested to provide a report, by November 1, 2015, listing the number of projects funded through the Integrated Resource Services line item and the cost of each project. The report should provide information for the most recent year actual expenditures, the current year estimated expenditures, and the request year estimated expenditures.

Comment: The Department complied with this request and reports that no expenditures were made from this line item in FY 2014-15. Additionally, the Department is not aware of any projects proposed for FY 2015-16 and does not intend to request the continuation of this line item in FY 2016-17.

2 **Department of Natural Resources, Division of Reclamation, Mining, and Safety, Emergency Response Costs --** The Division of Reclamation, Mining, and Safety is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

Comment: The Department complied with this request and reports that no expenditures were made from this line item in FY 2014-15.

3 **Department of Natural Resources, Oil and Gas Conservation Commission, Program Costs --** The Department of Natural Resources is requested to include in its annual budget request a report on the performance of the risk-based inspection program. The report should provide information on the development of the Facilities Integrity group, the inspection of process piping and flowlines, and the metrics used to measure the performance and effectiveness of the Facilities Integrity program.

Comment: The Department complied with this request. The response is attached to this briefing packet as Appendix E.

4 **Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response --** The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

Comment: The Department complied with this request and reports that no expenditures were made from this line item in FY 2014-15.

5 **Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies --** The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

Comment: The Department complied with this request and submitted a report describing studies supported by the Oil and Gas Conservation Commission through this line item in FY 2014-15. Expenditures totaled $320,406 cash funds from the Oil and Gas Conservation and Environmental Response Fund, which receives revenue from a mill levy on oil and gas production. The Department's response is attached as Appendix F.

6 **Department of Natural Resources, Division of Parks and Wildlife, Colorado Parks and Wildlife Operations** -- The Division of Parks and Wildlife is requested to provide the Joint Budget Committee with a report on Parks and Outdoor Recreation and Wildlife sources of revenue as well as the expenditures of revenues by revenue type. The report should provide an analysis of lottery funds Great Outdoors Colorado Board Grants used for operations and capital projects. The report is requested to be submitted by November 1, 2015.

Comment: The Department did not submit this request for information as required on November 2, 2015, citing difficulties with the new accounting system (CORE) and the fact that FY 2014-15 accounting books were not closed in time to fulfill the request.

Appendix D: FY2014-15 SMART Act Annual Performance Report and FY 2015-16 Performance Plan

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Department of State is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2014-15 report dated October 2015 can be found at the following link:

https://drive.google.com/file/d/0B8ztIiGduUWbOFdZYTlxdU9QX3M/view

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of State is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2015-16 plan dated September 2015 can be found at the following link:

https://drive.google.com/file/d/0B_om-XLNWzsXLUoxZlp2SnphcGM/view

Appendix E: Department Response to FY 2015-16 RFI #3 – Oil and Gas Conservation Commission, Program Costs

Please see the following pages for the Department's response to FY 2015-16 RFI #3 regarding the performance of the risk-based inspection program, the development of the Facilities Integrity group, the inspection of process piping and flowlines, and the metrics used to measure the performance and effectiveness of the Facilities Integrity program.

COLORADO
Department of Natural Resources

Executive Director's Office
1313 Sherman Street, Room 718
Denver, CO 80203

November 2, 2015

The Honorable Kent Lambert
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

RE: Department of Natural Resources FY 2015-16 RFI #3

Dear Senator Lambert:

The Joint Budget Committee requested the Department of Natural Resources to include in its annual budget request a report on the performance of the risk-based inspection program, including information on the development of the facilities integrity group, the inspection of process piping and flowlines, and the metrics used to measure the performance and effectiveness of the facilities integrity program. This Request for Information was made in conjunction with the approval of the Oil and Gas Conservation Commission's FY 2015-16 request for the 12.0 FTE recommended by the Governor's Task Force on Oil and Gas. The following is the Department's two-part response to your request.

Risk Based Inspection Program

Senate Bill 13-202 mandated that the Oil and Gas Conservation Commission (OGCC) use a "risk based strategy for inspecting oil and gas locations that targets the operational phases that are most likely to experience spills, excess emissions, and other types of violations and that prioritizes more in-depth inspections." To achieve this goal, the OGCC first conducted a study to determine the operational phases of oil and gas activity that posed the greatest risks to public health, safety and welfare, and the environment, including wildlife, and then developed a pilot version of a geographic information system (GIS) model that could be used alongside existing agency systems to prioritize field inspections based on risk. This new GIS risk based model, which was initially limited to a small area, is currently being expanded for use throughout Colorado.

P 303.866.3311 F 303.866.2115 www.colorado.gov/dnr
John W. Hickenlooper, Governor | Mike King, Executive Director

The GIS model is a systematic, automated, statistical tool that relies on statewide environmental and demographic data from the Colorado Division of Water Resources, Colorado Parks and Wildlife, Colorado Department of Local Affairs, and U.S. Census Bureau. The model uses the data to calculate a risk level, between one and 75, for each well in the state. The risk level is automatically updated as the risk factors affecting it change over time. Therefore, OGCC's database provides nearly real-time data for analysis, tracking, and spatial display on the OGCC's interactive map.

Field staff, including inspectors, environmental specialists and engineers, statewide will soon use the calculated risk levels as an additional factor to consider when prioritizing inspections. When fully implemented, the GIS model will improve the agency's response to operations that pose risks to public health, welfare, the environment, or wildlife.

New Facilities Integrity Program

The FY 2015-16 budget authorized an additional 3.0 FTE for the OGCC to design, build, and sustain a risk-based management program focused on the installation and maintenance of flowlines. All three members of this new Facilities Integrity team have been hired. The first position, an Engineering Supervisor, was filled in early September 2015, followed by an Engineer and an Engineering Technician in early October.

By the end of FY 2015-16, this team will have developed and started implementing a process for auditing operator maintenance records related to flowlines. Flowlines are the network of pipelines connecting oil and gas wells to tanks, separators, and other vessels, and include the pipelines connecting these facilities to the point of sale. OGCC rules require operators to pressure test their flowlines to maximum anticipated operating pressures at least once per year to detect potential problems and prevent leaks. The performance and effectiveness of this program will be measured by the number of annual audits conducted and by the reduction in the number of spills related to flowlines.

Please contact me if you require additional information on the OGCC's risk based inspection program or the development of its new facilities integrity group.

Sincerely,

William H. Levine

William H. Levine
Budget Director, Department of Natural Resources

Appendix F: Department Response to FY 2015-16 RFI #5 – Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies

Department of Natural Resources - Colorado Oil and Gas Conservation Commission (OGCC)
Special Environmental Protection and Mitigation Studies Line Item
Annual Report of Expenditures

Special Study/ Project Name	**Description of FY 2014-15 Activity**	**FY 2014-15 Expenditures**
CSU Real-Time Ground Water Monitoring Network *(ongoing project)*	To detect whether hydraulic fracturing activity may be causing changes to groundwater quality, researchers from the Center for Energy Water Sustainability (CEWS) at Colorado State University in Fort Collins designed **Colorado Water Watch** (CWW), a real-time groundwater monitoring pilot program for the Laramie-Fox Hills Aquifer. The monitoring system started in FY 2013-14 with a network of four Weld County groundwater wells near oil and gas operations. Each well has sensors installed that are capable of detecting changes in groundwater quality due to natural or anthropogenic changes in water level or water quality. During FY 2014-15, CWW added six additional monitoring sites, including three deep wells and three surface wells. The CEWS team also expanded the software tools that are integral to the CWW website, and the team met with a wide range of stakeholders including cities, water conservation groups such as the West Greeley Conservation District, and participated in public forums interested in oil and gas environmental impacts such as the Ag Classic.	$100,000

3M-4M (*ongoing project*) 3M-4M, cont. (*ongoing project*)	Between 2001 and 2010, the OGCC installed 17 monitoring wells at 11 locations along the Fruitland Outcrop in La Plata and Archuleta Counties to monitor gas pressure changes in the Fruitland Coal Formation. All wells are equipped with downhole pressure transducers that report data via a satellite telemetry system to a central data center. In 2008 and 2009, the OGCC and its contractor designed and installed methane seep mitigation systems at two locations in La Plata County. The system at South Fork Texas Creek collects methane from a shallow "French drain" type network of piping and converts the methane to electricity. A passive collection system is installed at Pine River. The OGCC retained third-party contractors knowledgeable in the monitoring and mitigation systems to provide ongoing operations and maintenance (O&M) support to ensure the systems stay in working order and continue to relay data as designed. In FY 2014-15, with the exception of a South Fork Texas Creek methane study whose details are provided in a separate line in this report, OGCC contractors provided the following services: • Conducted routine operations and maintenance activities of all system locations; • Reviewed gas quality measurements stored in all data loggers • Collected weather station data; • Conducted a system-wide field inspection tour; • Collected well pressure measurements from a central data center; and • Analyzed data and prepared the annual report. To retrieve the FY 2014-15 Annual Report from the OGCC website (http://cogcc.state.co.us), navigate online to Library / Area Reports / San Juan Basin / 4M Project / *4M Mitigation Project Summary Report (January 2015)*.	$34,191

Rulison and Rio Blanco Environmental Monitoring (*ongoing project*)	**Project Rulison** was a 1969 underground nuclear blast conducted by the Atomic Energy Commission to investigate the use of nuclear explosives to stimulate gas production. **Project Rio Blanco** is the site of three, nearly simultaneous, subsurface nuclear detonations at depths between 5,000 and 7,000 feet in 1973. In both project areas, oil and gas operators with active and planned operations are required to conduct extensive monitoring, sampling, and analysis.	$20,916
Rulison and Rio Blanco Environmental Monitoring, cont. (*ongoing project*)	For Project Rulison in FY 2014-15, the OGCC's contract health physicist performed a desk audit of monitoring reports due from operators with facilities inside the buffer zone. Of the 13 wells sampled for gas and water, no analytical results exceeded the screening levels specified in the 2010 Rulison Sampling and Analysis Plan (RSAP). In addition, meetings and conference calls were held between the OGCC, the health physicist, and the U.S. Department of Energy (DOE) to plan for anticipated FY 2015-16 revisions to the RSAP. For Project Rio Blanco in FY 2014-15, no oversight by OGCC contractors was necessary.	
Las Animas County Tert-Butyl Alcohol (TBA) Investigation (*ongoing project*)	Samples of groundwater from domestic wells, monitoring wells, and coalbed methane (CBM) wells collected by both OGCC and U.S. Environmental Protection Agency (EPA) staff between 2011 and 2013, as part of a national study of hydraulic fracturing's potential impact on drinking water resources, indicated the previously undocumented presence of tert-butyl alcohol (TBA) in Raton Basin aquifers. To help identify possible sources of this organic alcohol, the OGCC and the Colorado Department of Public Health and Environment developed a 49 site sampling program for two relatively small areas of the Raton Basin with active CBM operations.	$1,185

Las Animas County Tert-Butyl Alcohol (TBA) Investigation, cont. (*ongoing project*)	Based on the results of this investigation, there is no data indicating that activity related to the drilling and operation of CBM wells is the source of TBA in the domestic water wells in the Raton Basin. The investigation did not conclusively link other anthropogenic sources to the TBA, either. The OGCC's staff and contractor published the summary report, titled *Investigation of Occurrences of tert-Butyl Alcohol in Raton Basin Groundwater, Huerfano and Las Animas Counties, Colorado* in January 2015. Staff presented their findings at a public meeting of the Commission in March 2015. To view the summary report, from the OGCC's home page (the URL is http://cogcc.state.co.us), select Library / Area Reports / Raton Basin / TBA Study / *Raton Basin TBA Summary Report (January 2015)*.	
Naturally Occurring Radioactive Material Analysis (*ongoing project*)	In the October 2011 State Regulation of Oil And Gas (STRONGER) review of the OGCC's regulatory practices, the review team recommended that the OGCC gather information on the occurrence and level of naturally occurring radioactive materials (**NORM**) in exploration and production waste. Because it is common in Colorado to apply drill cuttings to pasture land, the OGCC began an evaluation of NORM in drill cuttings in partnership with the Radioactive Materials Unit of the Colorado Department of Public Health and Environment (CDPHE). The OGCC prepared the final NORM report with contractor assistance in November 2014. The analysis showed that none of the observed radionuclide activity levels in the cuttings or background samples indicated elevated or enriched conditions, and the reported results were within regulatory limits. The final report can be retrieved by navigating to the OGCC website and selecting Library / Area Reports / Denver Basin / *Analysis of Naturally*	$120

	Occurring Radioactive Materials in Drill Cuttings, Greater Wattenberg Field, Weld County, OGCC Special Project 2136 (November 2014).	
Las Animas Methane Seep Study Follow-up *(new for FY 2014-15)* Las Animas Methane Seep Study Follow-up, cont. *(new for FY 2014-15)*	In the Raton Basin, mineral owners produce natural gas from the Basin's Raton and Vermejo coal-bearing formations. Local governments and residents have concerns about potential impacts to public health, safety and welfare, because as operators drill more gas wells and, consequently, remove more water from the coal, there may be an increase in the potential for gas to seep from the outcrop of the coal seams. As the third phase of an ongoing project in the Las Animas County portion of the Raton Basin, the FY 2014-15 effort repeated a 2007 methane survey along 2,000 miles of county and operator lease roads using instrumentation installed on a specially equipped truck. The OGCC published a final report on the sampling, analysis, and findings in June 2015. The most obvious pattern to the methane seeps identified in the Raton Basin is that they continue to be clustered in the southern end of the Basin along the Purgatorie River Valley through which Route 12 passes. The same pattern was observed during the past two surveys. Many of the seeps detected in 2000/2001 and 2007 still existed and were detectable in 2015. Current methane seeps were comparable or slightly lower in concentration to those observed in 2007. To view this report, on the OGCC's home page (the URL is http://cogcc.state.co.us), select Data / Imaged Documents, and then select Projects in the "Type" dropdown menu, and enter 9256 in the Unique Identifier box. Click the Search button to see the report link.	$51,631
Domestic Water Well Complaint Investigations *(new for FY 2014-15)*	In FY 2014-15, the OGCC conducted thorough investigations related to complaints citing changes to water quality in three domestic water wells: • Water Well #1: The COGCC identified thermogenic methane impacts	$25,654

Domestic Water Well Complaint Investigations, cont. *(new for FY 2014-15)*	to this well, which was located in an area of historic and current oil and gas activity. Sampling required detailed isotopic analysis of water, dissolved gas, and production gas from numerous sources. This investigation is ongoing. • Water Well #2: When no causative link to oil and gas activity was established for the water quality of this well, the scope of the OGCC's response expanded to include a plugged and abandoned well on the property and possible buried flowlines. After OGCC staff and contractors completed exploratory actions and excavations, collected additional soil and groundwater samples, and contacted the former operator of the well to provide additional resources, and still found no causative link to oil and gas activity, the investigation concluded. • Water Well #3: When the presence of tert-Butyl Alcohol (TBA) was discovered in a Las Animas County water well, OGCC staff and contractors completed additional groundwater sampling and analysis, site visits, meetings with operators and land owners, and a more comprehensive data review and analysis. Sampling will likely continue into the current fiscal year. To ensure the highest level of responsiveness to concerns regarding public health and safety, the OGCC communicates with the parties involved and, whenever necessary, undertakes multiple site visits, conducts numerous sampling events, and orders third party technical data analyses and reviews. These three investigations represent situations in which the standard water well complaint response process is not sufficient for the OGCC to examine all the issues and effectively respond to the people involved.	

Exploration and Production Waste Facilities – Review of Environmental Remediation Procedures and Costs *(new for FY 2014-15)* Exploration and Production Waste Facilities – Review of Environmental Remediation Procedures and Costs, cont. *(new for FY 2014-15)*	Centralized Exploration & Production (CE&P) Waste Management Facilities, which receive produced water, drilling fluids, and completion fluids for aggregation, treatment, temporary storage, and/or disposal, require the operator to seek a permit from the OGCC and post financial assurance that represents the full cost of remediation and reclamation. These facilities include land farms, water processing facilities, E&P waste storage pits, soil/cutting processing facilities, and drilling mud processing and management facilities. To better protect the state from financial liability, the OGCC retained a consultant to provide third party reviews and cost estimates of the environmental remediation procedures the OGCC would use in the event of operator financial default and OGCC management of the cleanup. The unbiased information obtained from this project is being used to set the appropriate levels of financial assurance, which is typically somewhere between $500,000 and $4 million.	$25,000
Northeast Colorado Pit Closure Project (*new for FY 2014-15*)	Many old oil and gas facilities have pits that are poorly documented in the OGCC's database, making it challenging for staff to monitor and apply the appropriate set of rules. These rules vary based on the regulatory standards in effect when they were constructed. Information such as the type of pit (lined or unlined), purpose of pit, current ownership, exact location, and status (open or closed), must be reliable for the OGCC to efficiently monitor for potential threats to the environment and enforce against rule violations. Contractors assisted the OGCC with the following: ▪ Reviews of pit inventories and the environmental status of each pit	$20,024

	prior to releasing bonds to operators, ▪ Reviews of pit permits and reports, using the information to train new OGCC staff on pit closure procedures, ▪ Researching the OGCC database and updating facility records to accurately reflect the current status of pits, and ▪ Reviews of pit inventories when there is a change of operator.	
San Juan Basin Coal Bed Methane Water Quality Study (*new for FY 2014-15*) San Juan Basin Coal Bed Methane Water Quality Study, cont. (*new for FY 2014-15*)	Since 2000, the OGCC has required routine water well sampling by operators for all new Coal Bed Methane (CBM) wells drilled in the San Juan Basin. As a result, the OGCC database currently contains water sampling results for approximately 2,100 water wells in the basin. In coordination with the larger **San Juan Basin Water Quality Analysis Project**, the OGCC contracted with a water quality expert in 2010 to periodically review the CBM-related water quality data. The objective is to assess short or long term trends that might indicate oil and gas drilling and production activities are impacting domestic water wells in the San Juan Basin. To view the FY 2014-15 update, go to the OGCC's home page (the URL is http://cogcc.state.co.us), select Library / Area Reports / San Juan Basin / *Trend and Data Analysis San Juan Basin Water Quality Analysis Project San Juan Basin, Colorado (June 2015)*. The findings are also scheduled to be presented at the Gas and Oil Regulatory Team meeting in November 2015.	$19,568
Evaporation Pit Integrity Review (*new for FY 2014-15*)	Prior to issuing a permit to an operator who requested the conversion of a pit to a Centralized E&P Waste Management (CE&P) Facility, the OGCC required the operator to conduct environmental assessments and evaluate the integrity of the existing pit liner, including sampling the pit bottom to determine whether the existing pit liner may be reused. Because replacing a pit liner is costly, but the cost to remediate the impacts of	$9,066

	a failed pit liner at a CE&P facility can quickly exceed $1 million, the OGCC contracted with an expert to provide an independent opinion regarding the suitability of the existing liner for continued long term use. After evaluating the site, the consultant determined that, due to the liner's age and other defects, the pit's design and current condition are not adequate to prevent releases of the pit's contents to the underlying subgrade. The written assessment will assist the OGCC with review of the CE&P permit application when the operator resubmits the documentation.	
Greater Wattenberg Area Water Quality Review (*new for FY 2014-15*) Greater Wattenberg Area Water Quality Review, cont. (*new for FY 2014-15*)	The Greater Wattenberg Area (GWA) is a major oil and gas producing area in the Denver-Julesburg Basin, with the majority of activity taking place in Weld County. Because amendments to drilling and spacing rules have allowed for increased infill drilling in the GWA, the potential for oil- and gas-related impacts to groundwater has been a concern for both the public and local government. OGCC Rules 318A.f and 318A.e(4) were promulgated to address these concerns by requiring groundwater baseline sampling and monitoring as new wells are drilled in the area. Currently, the OGCC's database includes 2,369 water samples and over 56,000 analytical results for the GWA. In FY 2014-15, the OGCC hired a consultant to review the GWA groundwater data to assess general groundwater quality and the potential for long-term impacts related to area drilling and production. To view the final report, go to the OGCC's home page (the URL is http://cogcc.state.co.us), select Library / Area Reports / Greater Wattenberg Area (GWA) / *Trend and Data Analysis Greater Wattenberg Area Water Quality Analysis Project Northeastern Colorado (June 2015)*.	$6,639
South Fork Texas Creek (*new for FY 2014-15*)	The South Fork Texas Creek (SFTC) mitigation site is a pilot project located in La Plata County where the creek intersects the Fruitland Formation Outcrop. Due to historic methane gas seeps along the outcrop, SB 07-198 authorized the	$3,412

	OGCC to install, for demonstration purposes, a system to capture the gas and put it to beneficial use. This project collects gas from a French drain and vapor barrier system, compresses it, feeds it into a turbine, and generates electricity. The OGCC retained a contractor to operate and maintain the SFTC site, which is slightly less than an acre in size. In May 2015, the contractor conducted a site investigation to assess methane seepage just outside the perimeter of the vapor barrier collection system. The contractor used a Forward Looking Infrared camera to locate the most prominent areas of methane seepage, and by using the camera in conjunction with a flux meter, the contractor had an enhanced ability to identify and more accurately measure the amount of methane seeping into the atmosphere. Methane seepage currently not being captured by the system was estimated at about 1.3 million cubic feet per day, indicating that significant additional methane gas could be captured if the mitigation site were expanded. The OGCC presented the results of the study at the August 2015 Gas and Oil Regulatory Team meeting in Durango.	
Erie Noise Background Survey (*new for FY 2014-15*)	Oil and gas operations in the Town of Erie are occurring near areas of residential development. To help the OGCC understand the potential noise impacts from these operations, the agency's field inspection team retained a consultant to characterize the ambient (background) sound level at a site planned for new oil and gas wells. This kind of ambient sound measurement is data that operators may use to demonstrate compliance with Rule 802.c.(5). During January and February 2015, the contractor set up equipment for a full week of sound measurements, recording data at one minute intervals. Average sound levels were registered at 36 to 41 decibels (dbA), typical of residential subdivisions along the Front Range. The contractor supplied its final report describing the results of the testing in May 2015.	$3,000
Total Expenditures		**$320,406**

Appendix G: Briefing Presentation Slides

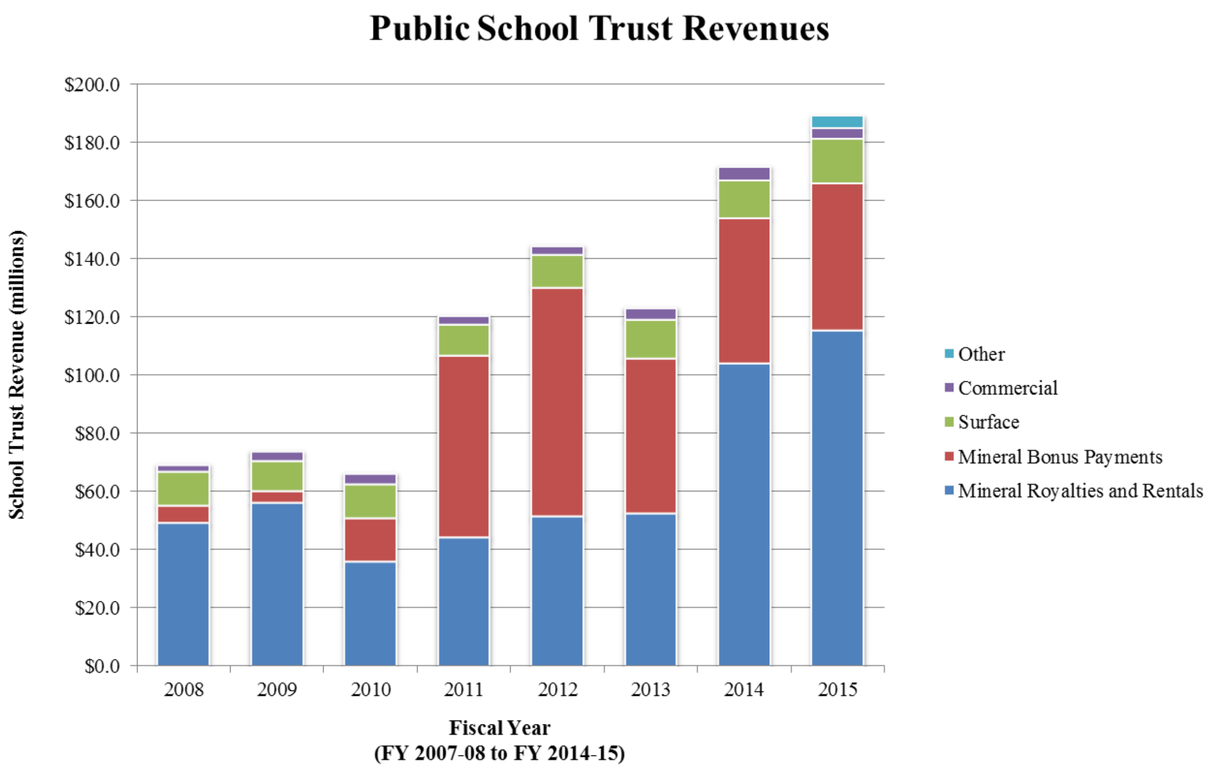
Slides used during the staff briefing to the Joint Budget Committee will be attached upon completion of the presentation.

JBC Staff FY 2016-17 Budget Briefing
Department of Natural Resources

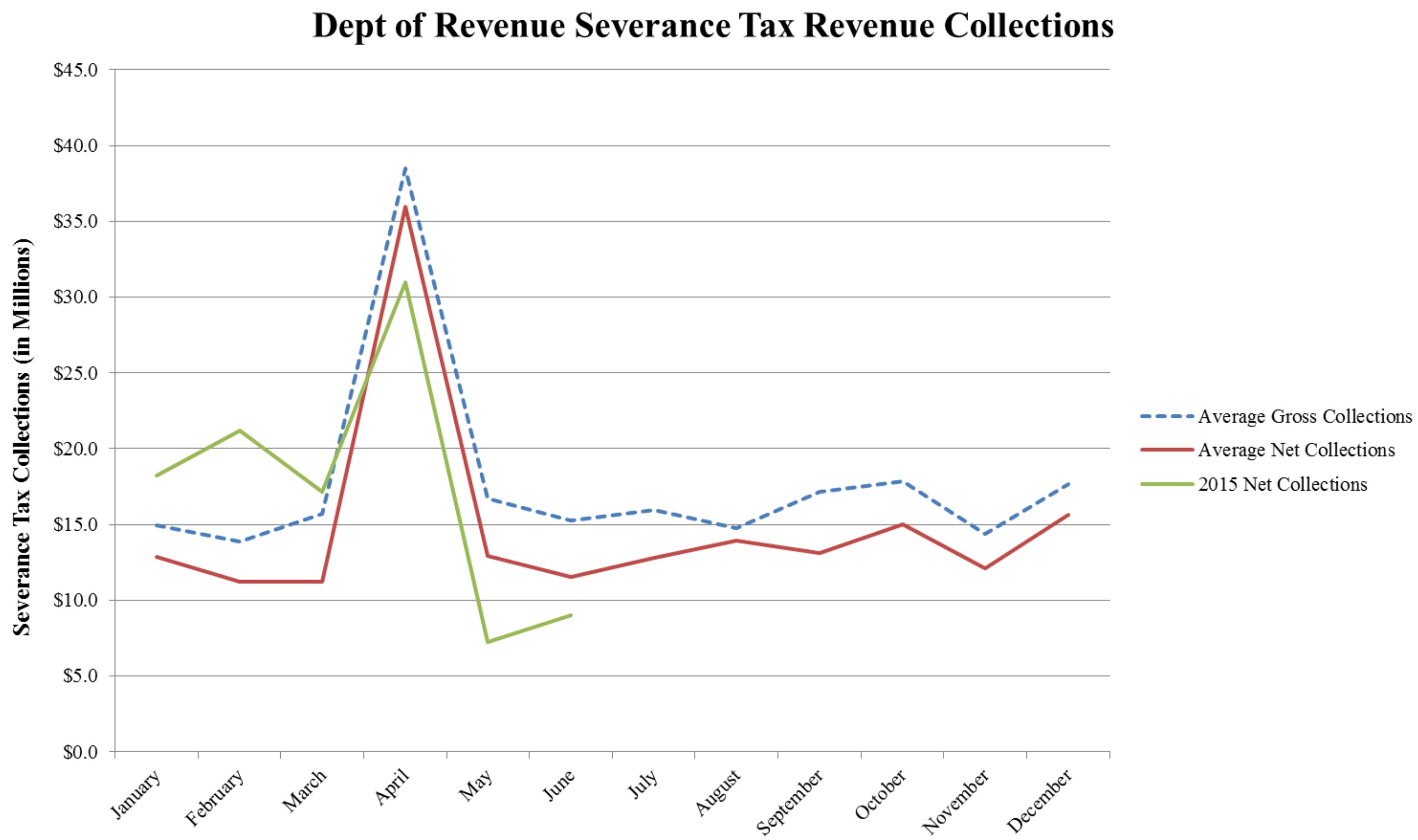
Presented by:

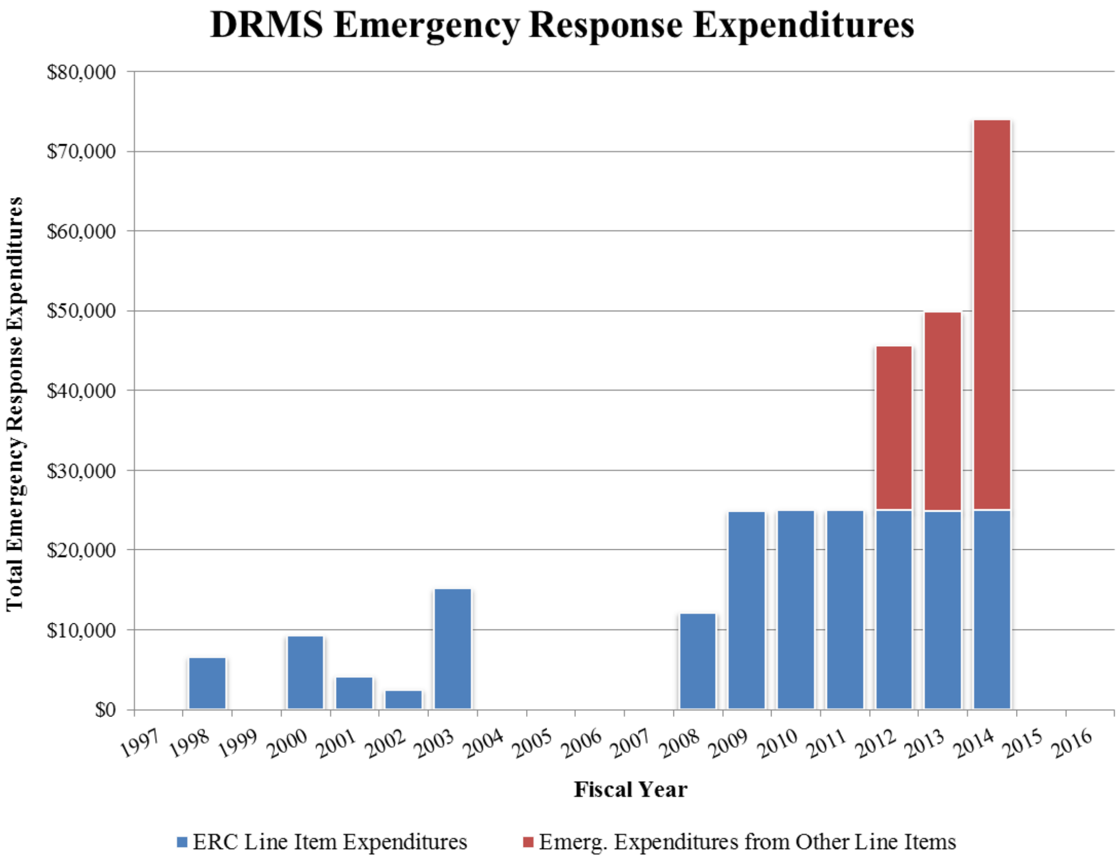
Carly Jacobs, JBC Staff

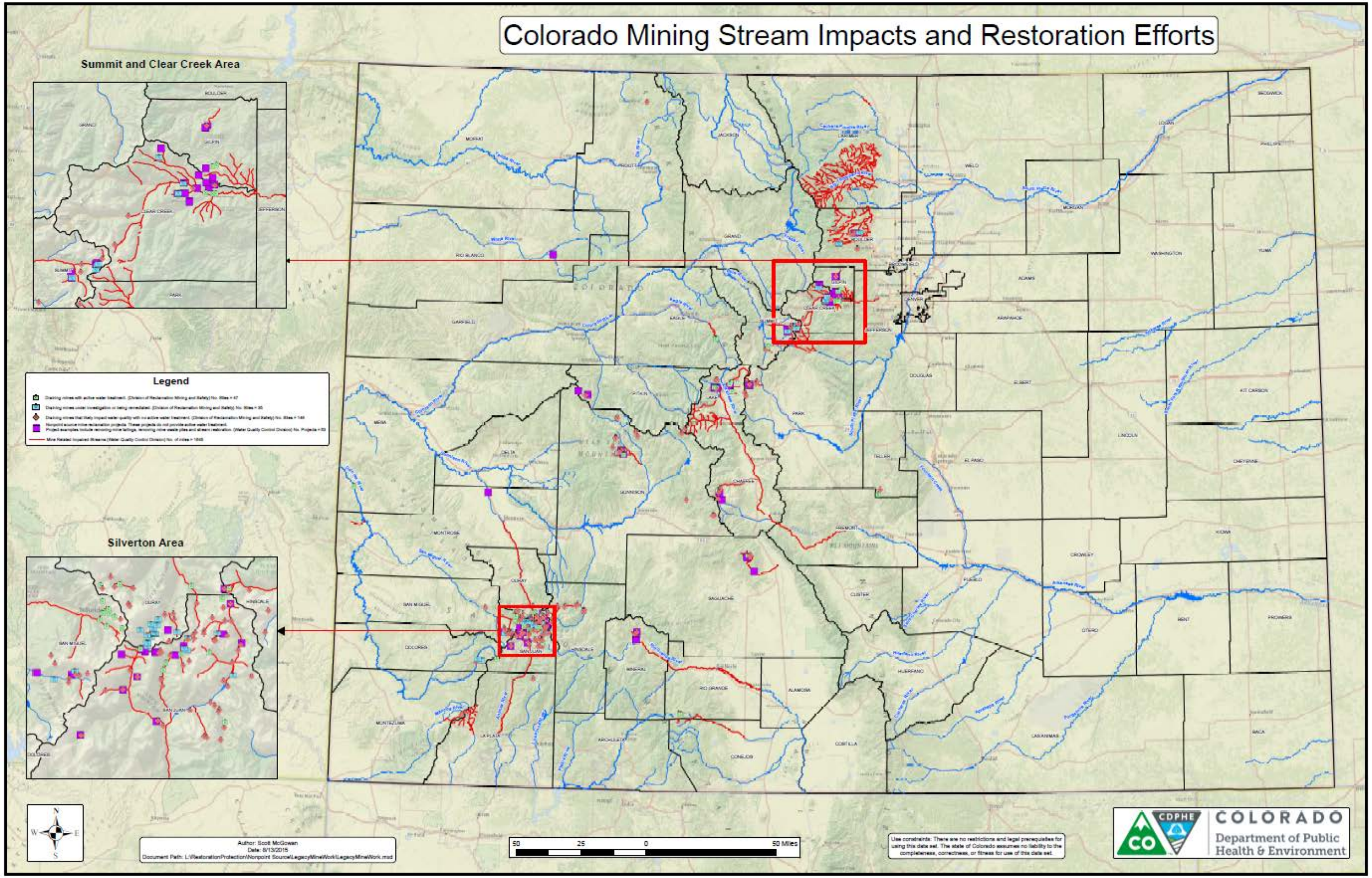
December 3, 2015



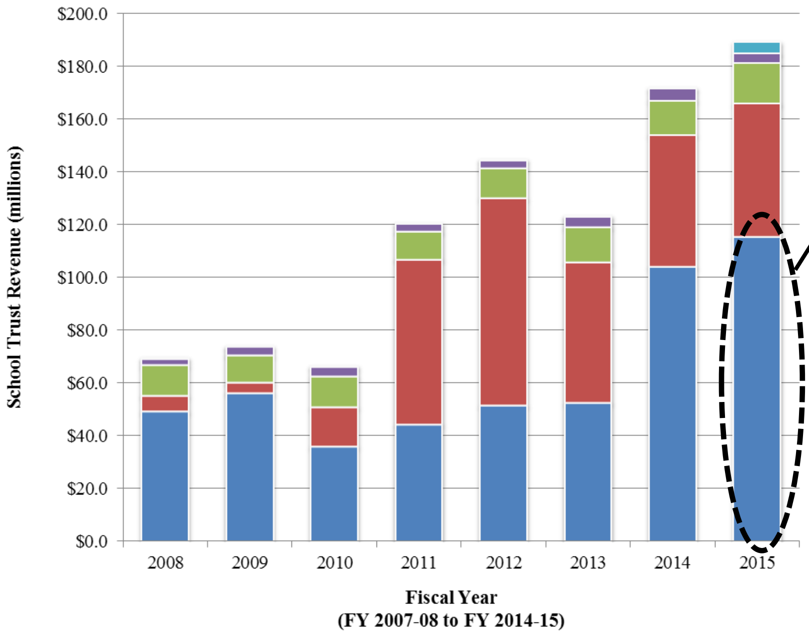
Public School Trust Revenues
School Trust Revenue (millions)
$200.0
$180.0
$160.0
$140.0
$120.0
$100.0
$80.0
$60.0
$40.0
$20.0
$0.0
2008
2009
2010
2011
2012
2013
2014
2015
Fiscal Year
(FY 2007-08 to FY 2014-15)
Other
Commercial
Surface
Mineral Bonus Payments
Mineral Royalties and Rentals


Dept of Revenue Severance Tax Revenue Collections
Severance Tax Collections (in Millions)
$45.0
$40.0
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$0.0
January
February
March
April
May
June
July
August
September
October
November
December
Average Gross Collections
Average Net Collections
2015 Net Collections

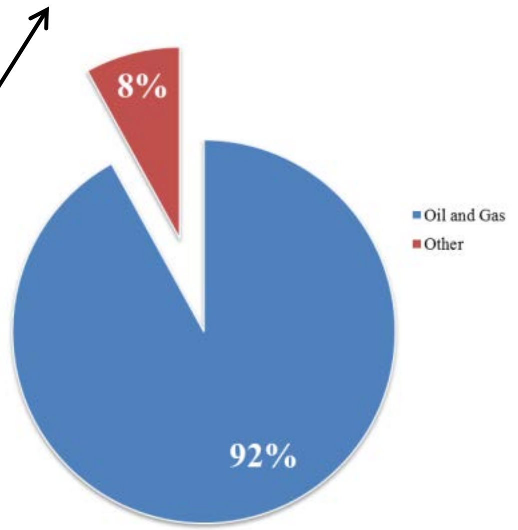

DRMS Emergency Response Expenditures
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Total Emergency Response Expenditures
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Fiscal Year
ERC Line Item Expenditures
Emerg. Expenditures from Other Line Items

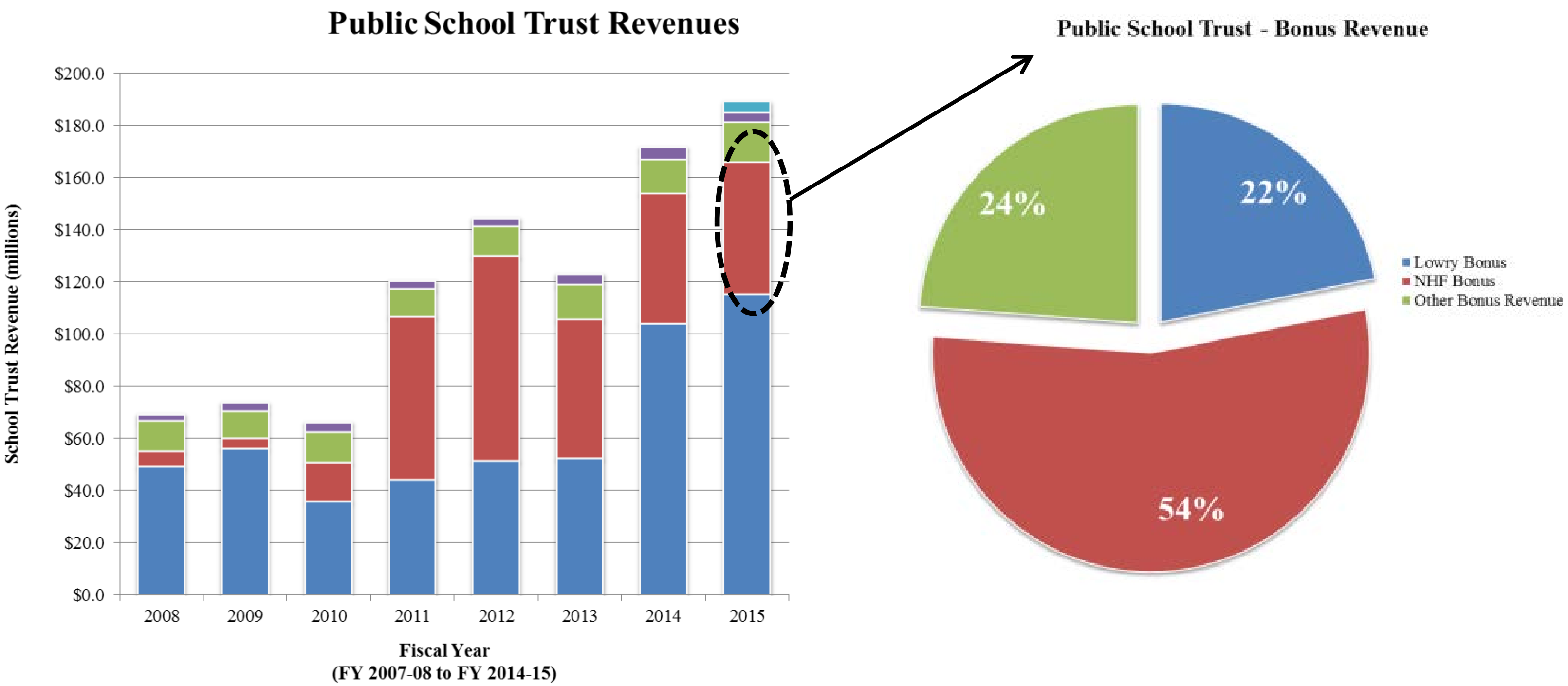

Colorado Mining Stream Impacts and Restoration Efforts
Summit and Clear Creek Area
Silverton Area
Legend
Author: Scott McGowan
Date: 8/13/2015
Document Path: L:\RestorationProtection\Nonpoint Source\LegacyMineWork\LegacyMineWork.mxd
50 25 0 50 Miles
Use constraints: There are no restrictions and legal prerequisites for using this data set. The state of Colorado assumes no liability to the completeness, correctness, or fitness for use of this data set.
CDPHE
COLORADO
Department of Public Health & Environment

Public School Trust Revenues



Public School Trust - Mineral Royalties and Rentals




Public School Trust Revenues
$200.0
$180.0
$160.0
$140.0
$120.0
$100.0
$80.0
$60.0
$40.0
$20.0
$0.0
School Trust Revenue (millions)
2008
2009
2010
2011
2012
2013
2014
2015
Fiscal Year
(FY 2007-08 to FY 2014-15)
Public School Trust - Bonus Revenue
24%
22%
54%
Lowry Bonus
NHF Bonus
Other Bonus Revenue