

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2014-15 STAFF BUDGET BRIEFING

DEPARTMENT OF NATURAL RESOURCES

**(Executive Director's Office, Division of Parks and Wildlife,
Colorado Water Conservation Board, and Water Resources Division)**

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

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JBC Staff Budget Briefing – FY 2014-15
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DEPARTMENT OF NATURAL RESOURCES

**(Executive Director's Office, Division of Parks and Wildlife,
Colorado Water Conservation Board, and Water Resources Division)**

Department Overview

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

- The **Executive Director's Office** develops department level policies, provides budget and planning coordination, accounting, financial management support, human resources services, public information and environmental education coordination, and other services to the divisions.
- The **Division of Parks and Wildlife** consists of two sub-divisions; **State Parks** manages recreational opportunities in 42 state parks and **Wildlife** manages the state's 960 game and non-game wildlife species through the issuance of hunting and fishing licenses, the enforcement of wildlife regulations, and the administration of more than 295 state wildlife areas.
- The **Colorado Water Conservation Board** works to conserve, develop, and protect the state's water resources to ensure maximum use and flood prevention. The Division administers water projects loans and grants, and coordinates inter-basin roundtable events among the watersheds.
- The **Water Resources Division** (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.
- The **Division of Reclamation, Mining, and Safety, Oil and Gas Conservation Commission, and State Board of Land Commissioners** will be discussed in a separate staff briefing on December 17, 2013.

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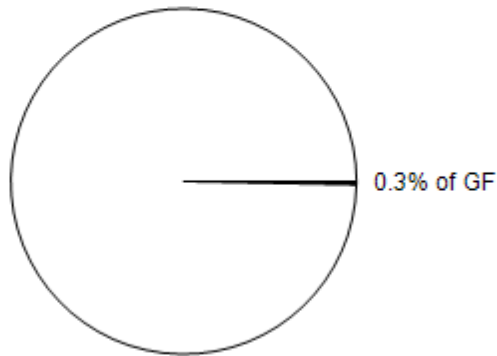
Department Budget: Recent Appropriations

Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$23,429,407	\$23,768,283	\$24,978,508	\$25,875,846
Cash Funds	190,187,713	209,619,862	215,177,148	180,787,502
Reappropriated Funds	8,480,565	8,641,534	8,774,311	8,025,565
Federal Funds	<u>19,884,955</u>	<u>20,748,282</u>	<u>28,579,274</u>	<u>28,433,483</u>
Total Funds	\$241,982,640	\$262,777,961	\$277,509,241	\$243,122,396
Full Time Equiv. Staff	1,466.1	1,464.1	1,438.8	1,442.5

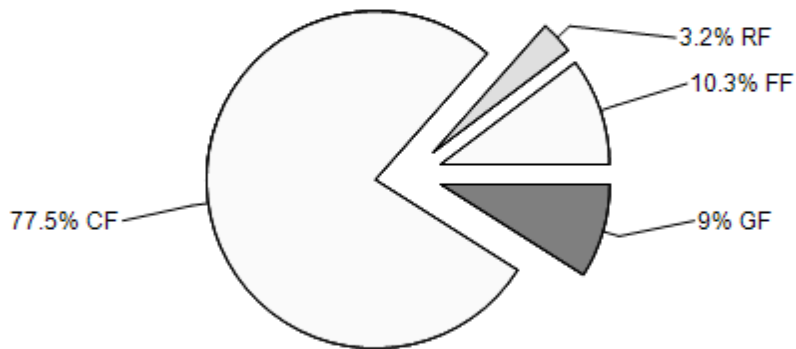
*Requested appropriation.

Department Budget: Graphic Overview

Department's Share of Statewide General Fund

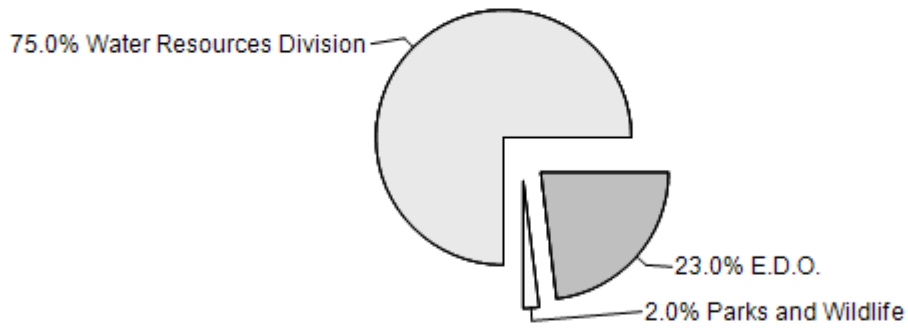


Department Funding Sources

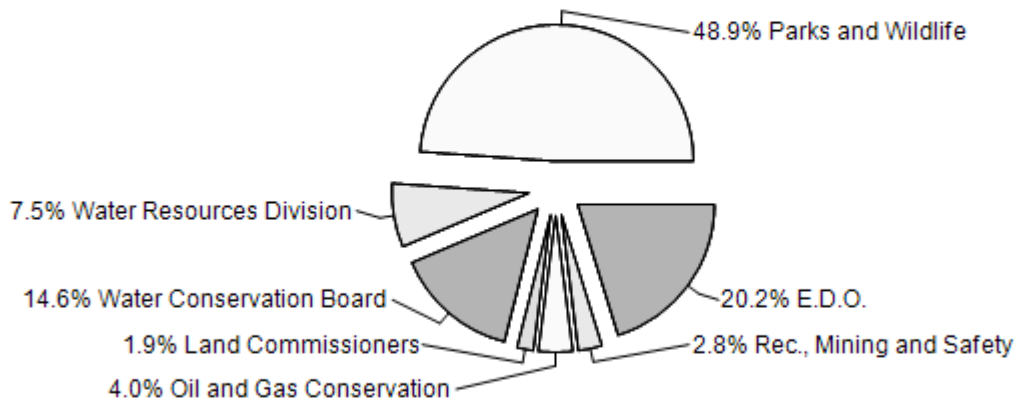


All charts are based on the FY 2013-14 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2013-14 appropriation.

General Factors Driving the Budget

In FY 2013-14 funding for this Department consists of 9.0 percent General Fund, 77.5 percent cash funds, 3.2 percent reappropriated funds, and 10.3 percent federal funds.

Funding for the divisions covered in this packet consists of 9.3 percent General Fund, 76.8 percent cash funds, 3.4 percent reappropriated funds, and 9.9 percent federal funds. A variety of factors driving the budget of the divisions covered in this briefing presentation are reviewed below.

DIVISION OF PARKS AND WILDLIFE

Senate Bill 11-208 merged the Division of Parks and Outdoor Recreation and the Division of Wildlife into the Division of Parks and Wildlife. The bill did not merge the appropriations of the two former divisions or provide any consolidation of line items. House Bill 12-1317 directs the Parks and Wildlife Commission to submit a report to the legislature by December 31, 2013, including a 5-year strategic plan that combines the former Division’s individual plans and identifies cost savings of the merger.

State Parks

The State Parks section manages 42 parks and several special purpose programs including: the snowmobile program, the off-highway vehicle program, river outfitters regulation, the distribution of federal grants, aquatic nuisance species control and prevention, and the distribution of trails grants.

The level of services at state parks as well as the acquisition and development of new park properties is determined by available funding sources. Associated workload for park operations and certain revenues are driven by visitation, which is detailed in the following table:

State Parks Visitation			
	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual
State Parks Visitation	12,338,520	12,233,271	11,501,520
<i>Percent Change</i>	<i>0.4%</i>	<i>-0.9%</i>	<i>-6.0%</i>

Revenues for State Parks include fees, lottery funds, and other state and federal funds. Over the past several years, General Fund support for State Parks declined, and then was eliminated in FY 2011-12. For FY 2012-13, State Parks received \$76.3 million in total revenue. These revenues are detailed in the table below:

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State Park Revenues				
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	Actual	Actual	Actual	Estimate
Licenses, Passes, Fees and Permits	\$19,752,403	\$20,026,117	\$19,125,550	\$19,100,000
Registrations	8,459,091	8,557,113	8,295,423	8,300,000
Federal and State Grants	7,056,628	3,814,383	5,161,051	5,200,000
Lottery and Great Outdoors Colorado	22,608,657	22,354,087	25,116,776	25,100,000
Sale of Goods, Services, and Assets	1,893,054	1,965,734	1,629,763	1,600,000
Donations	180,322	39,497	59,252	100,000
Interest Income	782,700	613,893	472,324	500,000
Other Revenues	428,449	302,339	648,607	600,000
General Fund and Severance Tax	<u>9,153,546</u>	<u>5,386,180</u>	<u>4,640,982</u>	<u>4,600,000</u>
Total State Parks Revenues	\$100,472,813	\$73,517,586	\$76,338,213	\$76,300,000

Wildlife

The Wildlife section manages Colorado’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 1.5 million acres including 352 state wildlife areas. Funding for the Wildlife section is a mixture of cash funds from license fees, federal funds, Great Outdoors Colorado funds, and various other sources. Approximately 1.5 million hunting and fishing licenses were sold in FY 2012-13 which provided \$67.9 million in revenue. The table below shows Wildlife revenues by category:

Wildlife Revenues				
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	Actual	Actual	Actual	Estimate
Licenses, Passes, Fees and Permits	\$77,436,012	\$ 76,862,552	\$ 80,203,643	\$80,200,000
Federal and State Grants	21,739,604	25,327,035	27,702,084	27,700,000
Lottery and Great Outdoors Colorado	22,053,229	13,651,460	18,847,618	18,800,000
Sale of Goods, Services, and Assets	760,936	795,850	613,360	600,000
Donations	992,416	1,432,276	963,325	1,000,000
Interest Income	934,492	452,420	619,755	600,000
Other Revenues	1,177,433	1,027,937	1,439,293	1,400,000
General Fund and Severance Tax	<u>3,613,570</u>	<u>2,907,020</u>	<u>3,173,606</u>	<u>3,200,000</u>
Total Revenues	\$133,458,420	\$127,345,130	\$138,817,743	\$138,800,000

Great Outdoors Colorado (GOCO) Board Grants

GOCO awards annual grants to the Division of Parks and Wildlife. Pursuant to Article XXVII of the Colorado Constitution, GOCO grants are not subject to legislative appropriation. State Parks grants 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. The table below shows recent GOCO awards:

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Great Outdoors Colorado (GOCO) Board Grants					
	FY 2009-10 Award	FY 2010-11 Award	FY 2011-12 Award	FY 2012-13 Award	FY 2013-14 Estimate
Parks Capital Budget	\$21,881,500	\$4,399,360	\$2,047,548	\$17,480,503	\$12,387,381
Parks Operating Budget	<u>\$4,375,000</u>	<u>4,998,382</u>	<u>4,459,207</u>	<u>4,710,000</u>	<u>4,710,000</u>
Total GOCO Grants to State Parks	\$ 6,256,500	\$9,397,742	\$6,506,755	\$22,190,503	\$17,097,381
Wildlife Base Capital Budget	\$2,442,183	\$2,494,966	\$2,528,173	\$2,327,000	\$2,327,000
Wildlife Legacy Capital Grants ¹	\$4,000,000	10,000,000	8,300,000	7,300,000	3,200,000
Wildlife Operating Budget	<u>\$6,300,000</u>	<u>6,300,000</u>	<u>6,273,000</u>	<u>6,273,000</u>	<u>6,273,000</u>
Total Grants to Wildlife	\$12,742,183	\$18,794,966	\$17,101,173	\$15,900,000	\$11,800,000

¹ Wildlife Legacy Capital Grants represent funding made available in 2-3 year intervals prior to FY 2012-13.

COLORADO WATER CONSERVATION BOARD

The Colorado Water Conservation Board is responsible for administering two accounts for water projects loans and grants, and administers programs funded with Severance Tax Operational Fund transfers.

Colorado Water Conservation Board Construction Fund

The Colorado Water Conservation Board Construction Fund (Construction Fund), created in 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 approve loans less than \$10.0 million without legislative approval. The Construction Fund also pays for the administrative expenses of the CWCB, approximately \$3.5 million in FY 2013-14.

Revenues for the Construction Fund are from interest earnings, transfers from the Perpetual Base Fund, and the federal mineral lease (FML) fund. For FY 2013-14, S.B. 13-181 appropriated \$32.4 million from the Construction Fund for various water-related projects, of that amount \$30.0 million was transferred from the Severance Tax Perpetual Base Fund. In FY 2014-15, the Department estimates \$37.5 million will be available for new loans from this account. The following table outlines fund activity from FY 2010-11 through FY 2013-14:

Colorado Water Conservation Board Construction Fund				
Cash Flow Summary Report				
Based on September 2013 Legislative Council Staff Revenue Estimate				
	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Estimate
Interest (Loans, Treasury, Miscellaneous)	\$10,093,843	\$7,602,670	\$9,411,104	\$10,393,214
Federal Mineral Lease (FML) Revenues	15,748,096	11,570,160	14,571,402	16,431,262
Other Revenues (including pass-through)	9,880,027	5,478,519	2,603,648	2,603,648
Animas-La Plata Project	12,000,000	12,000,000	0	0
Rio Grande Cooperative Project	0	15,000,000	15,000,000	0
Chatfield Reservoir Reallocation Project	0	5,000,000	28,000,000	0
Windy Gap Reservoir Bypass Channel Project	0	0	2,000,000	0

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Colorado Water Conservation Board Construction Fund				
Cash Flow Summary Report				
Based on September 2013 Legislative Council Staff Revenue Estimate				
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	Actual	Actual	Actual	Estimate
State Gov't Grant - CDPHE (Terrace Irrigation)	0	2,000,000	0	0
Governor's Executive Orders for Forest Fires	<u>0</u>	<u>1,582,000</u>	<u>2,500,000</u>	<u>0</u>
Total Revenues	\$47,721,966	\$60,233,349	\$74,086,154	\$29,428,124
Cash Expenditures (including CWCB Operating Costs) ¹	8,477,462	(21,965,518)	7,719,135	7,716,818
Non-Reimbursable Expenditures	6,001,119	3,569,871	2,340,000	3,965,000
Transfer to Other CWCB Funds	841,882	21,462,642	413,882	900,000
Water Supply Reserve Account and Other Pass-Through	3,473,078	0	0	0
Animas-La Plata Project Expenditure	12,000,000	23,899,210	60,790	0
Rio Grande Cooperative Project Expense	0	0	5,000,000	0
Windy Gap Reservoir Bypass Channel Project	0	0	2,000,000	0
State Gov't Grant - CDPHE (Terrace Irrigation)	<u>0</u>	<u>1,582,000</u>	<u>2,500,000</u>	<u>0</u>
Total Expenditures	\$30,793,541	\$28,548,205	\$20,033,807	\$12,581,818
Net Cash Flow	\$16,928,425	\$31,685,144	\$54,052,347	\$16,846,306

Note: ¹Includes cash expenditures for all Long Bill line items less non-reimbursable expenditures, transfers to other CWCB funds for "refreshes", and expenditures related to the Animas-La Plata Water purchase.

Severance Tax Perpetual Base Fund

The Severance Tax Perpetual Base Fund receives half of receipts from the Severance Tax Trust Fund 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 \$39.9 million will be available in FY 2014-15 for new loans. The table below outlines recent fund activity:

Severance Tax Perpetual Base Fund				
Cash Flow Summary Report				
Based on September 2013 Legislative Council Staff Revenue Estimate				
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
	Actual	Actual	Estimate	Estimate
Severance Tax Revenues	\$49,859,296	\$32,437,544	\$47,380,500	\$50,000,000
Interest (Loans and Treasury)	<u>6,738,136</u>	<u>7,621,466</u>	<u>3,336,094</u>	<u>6,333,540</u>
Total Revenues	\$56,597,432	\$40,059,010	\$50,716,594	\$56,333,540
Animas-La Plata Project Transfer	12,000,000	12,000,000	0	0
General Fund Transfers	48,100,000	0	0	0
Agriculture Emergency Drought Grants	0	1,000,000	1,000,000	1,000,000
Rio Grande Cooperative Project	0	15,000,000	15,000,000	0
Chatfield Reservoir Reallocation Project (2012 Projects Bill)	0	5,000,000	0	0
Chatfield Reservoir Reallocation Project (2013 Projects Bill)	0	0	28,000,000	0

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Severance Tax Perpetual Base Fund				
Cash Flow Summary Report				
Based on September 2013 Legislative Council Staff Revenue Estimate				
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
	Actual	Actual	Estimate	Estimate
Windy Gap Reservoir Bypass Channel Project (2013 Projects Bill)	0	0	2,000,000	0
Governor's Executive Orders for Forest Fires	0	1,582,000	2,500,000	0
Governor's Energy Office	<u>67,843</u>	<u>28,594</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$60,167,843	\$34,610,594	\$48,500,000	\$1,000,000
Net Cash Flow	(\$3,570,411)	\$5,448,416	\$2,216,594	\$55,333,540

Severance Tax Operational Fund

The CWCB also receives funding from the Operational Fund. Pursuant to Section 39-29-109.3 (1) (d), C.R.S., the CWCB is authorized to receive up to 5.0 percent of Operational Fund Tier I funding for programs within the CWCB and for purposes of Interbasin Compacts (Section 37-75-101, C.R.S.). The FY 2013-14 appropriation of \$1.3 million equals 2.1 percent of total Tier I appropriations. The following three programs are funded through Operational Fund Tier II allocations from the Operational Fund:

- 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 \$745,067 annually to fund operation expenses of the interbasin compact roundtable meetings.

WATER RESOURCES DIVISION (STATE ENGINEER'S OFFICE)

The Water Resources Division (WRD) received 91.0 percent of its appropriation from the General Fund in FY 2013-14, and is responsible for the supervision and control of water resources in the state of Colorado (Section 37-80-102 (1) (h), C.R.S.), which includes administration and allocation of over 154,000 surface and ground water rights. The WRD has contractual water delivery obligations for each of its nine compacts, two United States Supreme Court decrees, and interstate water allocation agreements. The Water Resources Cash Fund and the Well Inspection Cash Fund account for 9.0 percent of the DWR's total appropriation.

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Summary: FY 2013-14 Appropriation & FY 2014-15 Request

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$241,007,024	\$24,978,508	\$178,674,931	\$8,774,311	\$28,579,274	1,438.8
Other Legislation	<u>36,502,217</u>	<u>0</u>	<u>36,502,217</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$277,509,241	\$24,978,508	\$215,177,148	\$8,774,311	\$28,579,274	1,438.8
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$277,509,241	24,978,508	\$215,177,148	\$8,774,311	\$28,579,274	1,438.8
R1 New personnel	280,203	280,203	0	0	0	3.7
R2 Additional legal services for enforcement ^a	327,888	0	327,888	0	0	0.0
R3 Coal regulatory program refinance ^a	0	0	352,881	0	(352,881)	0.0
R4 Division of Parks and Wildlife line item reorganization	(160,000)	0	(160,000)	0	0	0.0
R5 New well rules vehicles and equipment	29,503	29,503	0	0	0	0.0
R6 Adjustments to leased space Centrally appropriated line item adjustments	(120,158)	36,715	(158,743)	0	1,870	0.0
Non-prioritized requested changes	1,370,479	36,261	1,285,995	18,886	29,337	0.0
Annualize prior year budget actions	(38,018,488)	(500,000)	(37,518,488)	0	0	0.0
Statewide IT common policy adjustments	(2,646,358)	130,683	(1,776,629)	(914,196)	(86,216)	0.0
Indirect cost assessment	<u>(753,253)</u>	<u>(1,077,397)</u>	<u>(855,255)</u>	<u>1,077,397</u>	<u>102,002</u>	<u>0.0</u>
TOTAL	\$243,122,396	\$25,875,846	\$180,787,502	\$8,025,565	\$28,433,483	1,442.5
Increase/(Decrease)	(\$34,386,845)	\$897,338	(\$34,389,646)	(\$748,746)	(\$145,791)	3.7
Percentage Change	(12.4%)	3.6%	(16.0%)	(8.5%)	(0.5%)	0.3%

^{/a} These requested changes will be presented in a separate staff briefing.

Description of Requested Changes

R1 New personnel: The request includes an increase of \$280,203 General Fund and 3.7 FTE for FY 2014-15 to fund a Chief of Water Information, a Hydrographer and Well Technician for the South Platte River Basin, and a Subdistrict Coordinator for the Rio Grande Basin.

R2 Additional legal services for enforcement: This decision item includes an increase of \$327,888 in cash funds from the Oil and Gas Conservation and Environmental Response Fund to

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provide an additional 3,600 hours of legal services for the OGCC's Hearings Unit in FY 2014-15, which requires assistance with an increased caseload of enforcement matters including adjudicatory hearings, rulemaking, public outreach, and open records requests.

R3 Coal regulatory program refinance: This decision item includes a net-zero request to refinance \$352,881 federal funds with cash funds from the Severance Tax Operational Fund for the Coal Regulatory Program in FY 2014-15, due to a projected decrease in grant funds from the U.S. Office of Surface Mining because of federal sequestration and budget reductions.

R4 Division of Parks and Wildlife line item reorganization: The request includes a decrease of \$160,000 cash funds and a reorganization of the Division of Parks and Wildlife to consolidate 25 line items to a new structure of 18 line items to more accurately reflect the functions of program units, after the Parks and Wildlife merger per S.B. 11-208.

R5 New well rules vehicles and equipment: The request includes an increase of \$29,503 General Fund for FY 2013-14 to equip three well technicians with bi-fuel four-wheel drive vehicles with toppers from the State Fleet Management Program. This request also includes one set of well testing equipment.

R6 Adjustments to leased space: The request includes a refinance of the leased space line item resulting in a net decrease of \$120,158, yet an increase of \$36,715 General Fund for FY 2014-15. This request represents the same funding split as the Capitol Complex Leased Space line item.

Centrally appropriated line item adjustments: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; shift differential; legal services; payment to risk management and property funds; and Capitol complex leased space. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Non-prioritized requested changes: The request includes the annual fleet vehicle change from the Department of Personnel, and the following changes from the Office of Information Technology: secure Colorado phase II, eliminate redundant applications, Capitol Complex network resiliency, IT service management ecosystem, DTRS operations increase, and IT technical development.

Annualize prior year budget actions: The request includes adjustments related to prior year legislation and budget actions.

Statewide IT common policy adjustments: The request includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); information technology security; and communication services payments. *This request item will*

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be addressed in a separate staff briefing for the Governor’s Office of Information Technology scheduled for December 18, 2013.

Indirect cost assessment: The request includes a net decrease in the Department’s indirect cost assessment. For additional information on the Department's indirect cost assessment methodology see *Appendix D*.

Issue: Flood Response and Assessment

This issue brief provides a summary of preliminary damage assessments and flood response efforts of the Department of Natural Resources after the September 2013 floods.

SUMMARY:

- State parks and wildlife areas are filing for reimbursement for \$15.3 million in estimated flood damages which have kept the St. Vrain State Park and the Eldorado Canyon State Park partially closed;
- The Colorado Water Conservation Board has made flood recovery funding available through an emergency loan program and an emergency grant program; and
- The dam safety and inspection program completed 207 emergency inspections to ensure the safety of the flooded areas.

DISCUSSION:

Three divisions in the Department of Natural Resources have been involved in on-going assessment and recovery efforts after the September 2013 Floods. These efforts are summarized below.

Division of Parks and Wildlife

The Division of Parks and Wildlife has been assessing flood damages to state parks and wildlife areas in the northeast region. The current damage estimate of \$15.3 million includes \$3.9 million for St. Vrain State Park and Eldorado Canyon State Park, the most damaged of all properties. These two properties will not be fully opened until the spring of 2014. St Vrain State Park remains completely closed, and hosted a volunteer cleanup day on November 16. El Dorado Canyon partially opened on November 1, 2014. Approximately \$200,000 in lost operating revenues was included in the damage claim related to these two closures. The Department is pursuing funding for damages through insurance, and through FEMA. FEMA reimbursements should pay up to 75.0 percent of eligible costs, and the remaining 25.0 percent of required matching funds will likely come from the Disaster Emergency Fund. These claims are being administered by the Office of Emergency Management.

Colorado Water Conservation Board (CWCB)

The CWCB has developed an emergency loan program providing \$40.0 million for loans for river diversion structure damages in Boulder, Jefferson, Larimer, Logan, Morgan, and Weld counties. Loans are being awarded from the Severance Tax Perpetual Fund. Approved loan recipients will be assessed a one percent loan administration fee and will pay no interest for 36 months. The following loans were approved during a special CWCB meeting on October 21, 2013:

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CWCB Emergency Flood Loans		
Loan Recipient	Amount	County
Highland Ditch Company	\$1,999,800	Boulder
Left Hand Ditch Company	3,276,056	Boulder
Rough and Ready Irrigating Ditch Company	1,843,250	Boulder
Oligarchy Irrigation Company	1,262,500	Boulder
Big Thompson and Platte River Ditch Company	808,000	Larimer
Boulder and Larimer County Irrigating and Manufacturing Ditch Company	202,000	Boulder / Larimer
Ish Reservoir Company	207,050	Boulder
Consolidated Home Supply Ditch and Reservoir Company	1,616,000	Larimer
North Poudre Irrigation Company	481,770	Larimer
Church Ditch Water Authority	<u>606,000</u>	Jefferson
Total	\$12,302,426	

In addition to the emergency loan program, the CWCB has introduced a grant program in collaboration with Northern Water Conservancy District. Approximately \$1.8 million has been made available for grants, and recipients are directed to use these funds toward matching requirements for loans or other aid programs through the federal government. The grants can be awarded for two purposes:

- Technical Services – applicants can qualify for 75.0 percent of a project’s cost up to a maximum of \$25,000 for steam planning, engineering, permitting, or costs related to preparation of loan applications that require technical expertise; and
- Shovel-Ready Projects – applicants may qualify for up to 75.0 percent of a construction project’s total cost, a maximum of \$20,000.

A final funding program, the Colorado Watershed Restoration Program, is releasing \$2.0 million from the Disaster Emergency Fund for watershed restoration and master stream planning due to flood damages. These grants are estimated to range from \$200,000 to \$250,000 per award. Matching funds for these awards are being requested, but will not be required from smaller communities that are not able to provide the match. A special review of these applications will begin after the November 15, 2013 application deadline.

Any interested parties are directed to contact the Colorado Water Conservation Board directly with questions about these programs.

Water Resources Division

The Water Resources Division mobilized in response the September 2013 floods. In total, 207 emergency dam inspections were performed within 14 days and included the help of 114 volunteers. During the inspections 13 damaged dams were identified as safety concerns. Of these dams, one was high hazard which could cause loss of life, 2 were significant hazard which could cause high property damage risk but no loss of life, and 10 were low hazard creating a property damage risk. None of the risks resulted in dam failure in part due to the quick action

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taken by Division staff members and volunteers. The Division is currently assessing if they would like to upgrade their safety requirements for low hazard dams.

Satellite monitoring gages were damaged by flood waters during the extremely high flows that occurred in September. Gages are used to provide real-time data related to streamflow and water levels. During the peak of flood activity, the website providing gage data observed an increase in the number of daily visitors from 35,000 to 140,000. Damage estimates indicate the State will need to repair or replace 24 gage units with an estimated cost of \$447,000. These costs should be recoverable from FEMA reimbursements through the Office of Emergency Management. To compensate for the lost gage stations, the Department has installed seven temporary gages to allow for winter administration of water rights in the affected areas.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S
PERFORMANCE PLAN:**

This issue brief is not directly related to the Department's Performance Plan.

Water Resources Division FY 2014-15 Requests and Funding Structure

This issue brief reviews the R1 New personnel request, and funding options related to the Water Resources Division.

SUMMARY:

- The Department's R1 New personnel request includes an increase of \$280,203 General Fund and 3.7 FTE for FY 2014-15 in the Water Resources Division;
- The Rio Grande Basin was provided authority to form groundwater management subdistricts via S.B. 04-222 but was not provided additional resources to support subdistricts; and
- Well owners in the South Platte Basin are subject to full augmentation of any stream depletions, which has led to increased well monitoring and measurement rules.

RECOMMENDATION:

Staff recommends that the Committee sponsor legislation to eliminate the portion of cash funds revenues from the Water Administration Cash Fund and Well Inspection Cash Fund that are deposited to the General Fund. This action would decrease General Fund revenues by approximately \$115,000 per year; and

Consider drafting legislation to:

- Propose a new fee of \$40 to cash fund the salary of the requested well technician for a four-year period for well user rule compliance review in the South Platte Basin;
- Permanently increase fees in the Division; or
- Determine a standard funding allocation of General Fund to the Division.

DISCUSSION:

The Department's R1 New personnel request includes an increase of \$280,203 General Fund and 3.7 FTE for FY 2014-15 to fund a Chief of Water Information, a Subdistrict Coordinator for the Rio Grande Basin and a Hydrographer and Well Technician for the South Platte River Basin. This request is presented below, along with a discussion of alternatives to General Fund appropriations.

Chief of Water Information

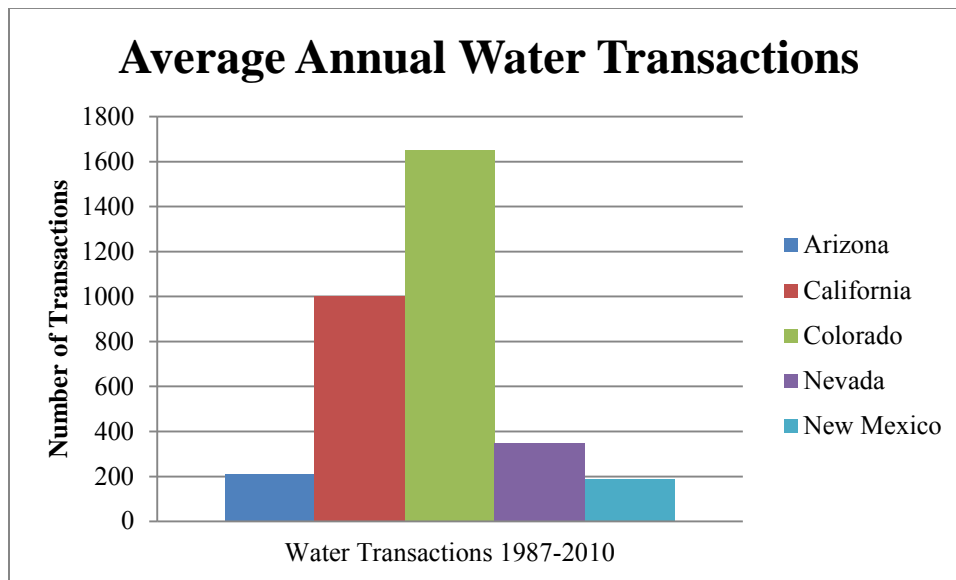
The Chief of Water Information request includes an increase of \$83,974 General and 0.9 FTE for FY 2013-14 to add a Physical Science Researcher to the staff. This position would be the primary business process manager and would ensure the all water administration technology-

related systems are designed and implemented in the most cost effective means possible, without duplicity, and created in a manner that will support the Division in future legal proceedings. Data collection, storage and presentation in each river basin in a standard manner, is critical to the Division’s ability to efficiently employ water models to determine allocation of water rights, and provide real-time data for the public. This individual would be tasked with the following priorities:

1. Creating a standard method for data collection and presentation related to the tabulation of water rights;
2. Providing a business process and standard method for data collection related to diversion structures; and
3. Continuing to develop paperless communication solutions for public interface.

A comparable Chief position exists in the Hydrography, Dam Safety, and Water Supply sections of the Division. The request for a scientist position is a result of the highly technical nature of water rights data. The Department indicates an individual with only a business process or information technology background would not be successful in this role, as they need to possess the knowledge to interpret the data in order to provide solutions that can be implemented across all river basins.

Upon review of other state’s organizational structure, there was no appropriate model for comparison in the region. Data supporting the need for this position, based on the complexity of rights in Colorado, was available. The following chart compares the average annual water transactions (lease and purchase of water rights) among five western states:



Source: Dr. Bonnie Colby, University of Arizona

Rio Grande Basin – Subdistrict Coordinator

The Rio Grande Basin was provided authority to form groundwater management subdistricts via S.B. 04-222. The legislation followed extreme drought conditions, which caused a sharp decline

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in ground water levels in the Rio Grande Basin. The ability to form subdistricts provides a collective solution to providing water replacements for well pumping depletions in the Basin which also decreases the risk of well pumping curtailments in times of drought.

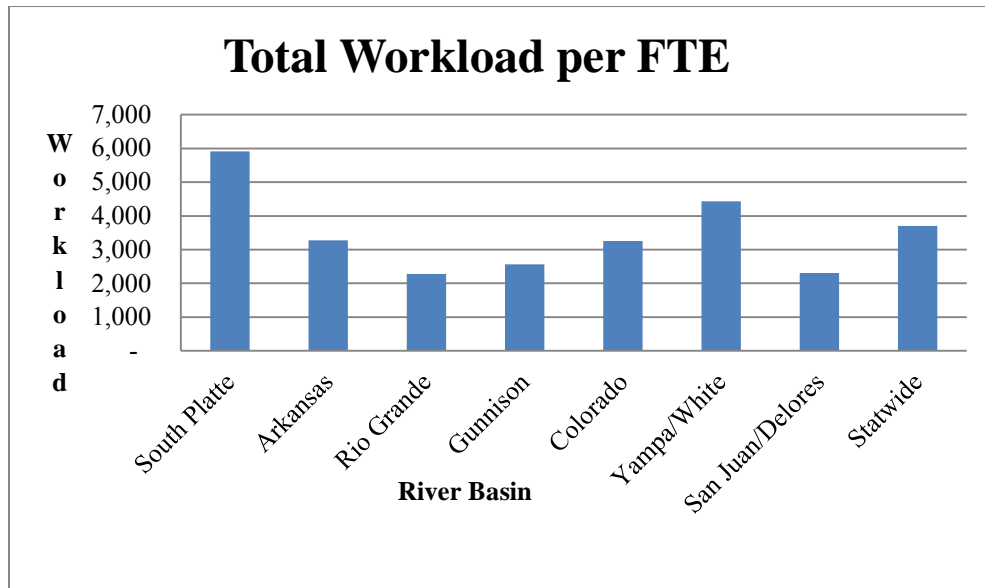
To form a subdistrict the organizing group must collect a majority of signatures in a designated geographic area. The signatures must also represent landowners whom own a majority of acres in the area. Individuals choosing not to sign on to the groundwater management plan must submit an individual augmentation plan. The Department estimates the subdistrict solution to well pumping augmentation could result in almost double the amount of wells in the basin.

Eventually, subdistrict plans could eliminate Department workload related to approving individual augmentation plans. Groundwater users in the South Platte Basin and Arkansas Basin have formed groups to address well pumping augmentation and have provided large scale augmentation plans. This allows plan members to benefit, from large scale water purchases for augmentation, by distributing the cost among more parties.

This position would manage augmentation plans of the subdistricts including: the release of waters from reservoirs, substitute water supply agreements, and the purchase of water depletions from the stream. These actions will ensure water delivery to surface rights holders and compliance with the Rio Grande Compact's water delivery requirements. In addition, the coordinator will work with the remaining six districts to implement subdistrict plans. The workload associated with meetings and support to subdistrict one has been absorbed by the division engineer and water commissioners, which have not been increased in over 20 years. Additional funding to manage this process was not provided with the passage of S.B. 04-222 due to the conditional nature of the bill, which provided the legal framework for subdistricts, but did not mandate action.

South Platte Basin – Hydrographer and Well Technician

The South Platte Basin has sustained a number rule changes as a result of litigation related to well pumping, augmentation plans, and alleged injury to surface water right holders. Beginning in 1893, *McClellan v Hurdle* introduced the principle that ground water pumping could not injure senior surface water right holders and should not be allowed out of priority. The Water Rights Determination and Administration Act of 1969 codified this idea and included well pumping with the general administration of tributary waters. This concept has been the subject of many legal debates, primarily court cases and legislation since that time. As evidenced by the graphic below, workload activity (surface rights and ground water rights administered, permitted wells, regulated dams and inspections, diversion structures and records, satellite gages, water plans administered) per FTE in the South Platte Basin far exceeds peer river basins:



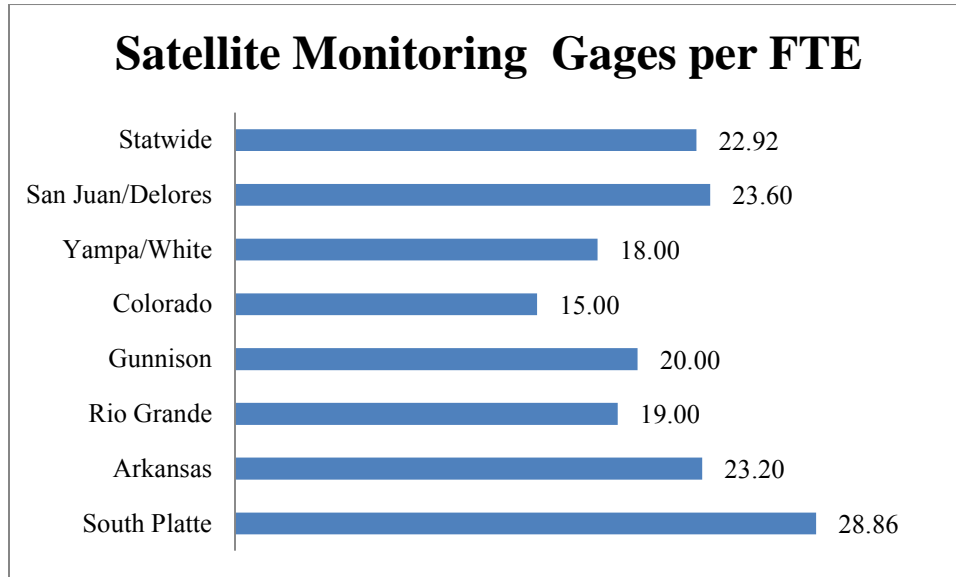
Currently, well owners in the South Platte Basin are subject to full augmentation of stream depletions as a result of well pumping. This requirement is enforced through a court approved water augmentation plan. Well owners have formed groups to propose large scale augmentation plans for hundreds of well owners. When well owners join large augmentation plans, they generally submit fees to the plan administrating authority, in recent years this is the Central Conservancy District. These fees pay for the cost of purchasing a sufficient amount of water supply for augmentation for all wells depletions in the plan.

Without a court approved augmentation plan, wells in the basin are curtailed indefinitely. The state engineer can administratively approve augmentation plans in certain instances, including while the well owner’s augmentation plan is pending court action. These legal changes have increased the workload for the South Platte Basin with regard to additional satellite monitoring gages, diversion structures, and well metering calibrations. The integrity of this data is essential for the Division while reviewing augmentation plans, and properly administering water right holder’s water allocations.

A hydrographer performs manual stream flow tests by measuring river flow at specified intervals in the river, then developing consistency among his or her findings and gage readings, which eventually results in models that correlate the stage of the water in the river with the flow rate of the stream. These activities, along with gage maintenance and operation, allow access to real-time and historical stream flow, and diversion data. The data and software systems provide for more effective water rights administration, water resource management, emergency flood warnings for public safety, and low flow warnings for environmental purposes.

Data produced by hydrographers is used to determine which surface water users and wells will be curtailed when senior priority water rights holders have placed a call on the river to ensure delivery of their full water allocation. Additionally, division staff and water referees use this data to make a determination of water rights during water transactions, and the State Engineer uses this data to maintain compliance with Colorado’s interstate compacts.

The number of satellite monitoring gages in the South Platte Basin has increased approximately 28.0 percent since 2004, yet the amount of FTE monitoring those gages has remained constant. As evidenced by the graphic below, the South Platte River Basin’s hydrographer staff monitors 25.9 percent more gages than the state average:



The South Platte Basin will be increasing well metering requirements pursuant to new well rules promulgated by the State Engineer, effective December 31, 2013. The Well Technician position would be responsible for administration and correspondence related to the new well metering rules. This individual will be based in the Denver office, and would serve as the first point of contact for well owners with regard to compliance documentation of metering requirements. Related duties include: producing 62,000 pages of documentation during the implementation year and certifying records from 5,000 to 8,000 well owners in the South Platte Basin. Well owners have until December 31, 2015 to be in compliance with the new metering requirements, or their wells will be deemed inactive. The number of FTE in the Division has not been adjusted since S.B. 03-045 added 8.0 FTE for increased well regulations. These FTE were cash funded with the last set of fee increases related to groundwater management.

Funding Alternatives for the Water Resources Division

Recommendation 1: Currently, five to fifty percent of certain fees collected for services performed by the Water Resources Division are deposited to the General Fund. Subsequently, the Division receives 91.0 percent of its annual appropriation from the General Fund. Staff recommends that the Committee sponsor legislation to remove the portion of cash funds revenues from the Water Administration Cash Fund and Well Inspection Cash Fund that are deposited to the General Fund. This action would decrease General Fund revenues by approximately \$115,000 per year, but would allow the Division to credit all fee revenue to its associated cash fund, and pay for program administration.

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Option 1: The Committee could propose a new fee for well users in the South Platte Basin to pay the salary of the requested well technician. Based on the Department’s estimate of the number of affected well users, a fee of approximately \$40 per well user, for review of new metering requirements would pay the salary of the requested well technician position for a four-year period. This time-frame is consistent with the four-year increments that well rules are issued. Currently, there is no charge for compliance review services. Staff believes General Fund appropriations for an FTE that will perform services to benefit only one group of well users presents an equity issue in which well users in the South Platte Basin are benefitting at a higher level than other river basins.

Option 2: The majority of the fees for the Division are set in statute and have not been increased since 2003. The Committee could sponsor a bill to increase Division fees to cash fund the Division at a higher level, or increase fees by indexing them to inflation. Indexing fees to inflation would result in an initial increase of approximately 16.0 percent in FY 2014-15 and result in an estimated revenue increase of \$68,000. Increasing Division fees has been done in years of budget shortfalls with varying levels of outcomes. The following table outlines these legislative actions:

Water Resources Division Fee Legislation			
Bill	Purpose	Revenues	Status
S.B. 03-131	Increased well permitting fees	\$1.3 million	Sunset in FY 2006-07
S.B. 03-278	Established water administration fee for appropriative water rights	\$1.4 million	Repealed by S.B. 04-1402
S.B. 03-045	Increased well inspection fees	\$0.5 million	Current fees
S.B. 09-216	Increase fees for well permit, substitute water supply plan and dam design review	\$2.4 million	Did not pass

Option 3: The committee could modify the current funding structure of the Division by determining a standard percentage at which the General Fund should be supporting all activities performed by the Water Resources Division. Once that determination is made, statute could be modified to remove the fee amounts that are set in statute, and allow the State Engineer to administratively modify fees to finance the difference between program and operating costs, and the amount of General Fund appropriations in any given fiscal year. Certain programs in the Department of Agriculture are funded in this manner.

Option 4: Take no legislative action and determine a funding plan during figure setting for the Department of Natural Resources.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S PERFORMANCE PLAN:

The Water Resources Division has three Policy Initiatives related to this request:

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Strategic Policy Initiative #1: Maximize beneficial/optimal use of water: accurate and timely water distribution to maximize beneficial use and provide for optimum utilization of Colorado's limited resource. This objective serves DWR's customers and is met by maintaining and providing accurate and timely information concerning water, its availability, diversion, and use and in assisting the public with water administration questions

Strategic Policy Initiative #2: Water delivered correctly to entitled users: The hydrologic system is dynamic with seasonal and daily fluctuations in water supply. Delivery to users requires daily analysis to assure that a user who is entitled to water on a given day receives the correct amount.

Strategic Policy Initiative #3: Full compact compliance: As a headwaters state, Colorado has many delivery obligations to downstream states. Compacts are agreements between states that share a river and are ratified by the U. S. Congress. Assuring that the proper amount of water is delivered to each state ensures that Colorado will meet its compact obligations and avoid costly interstate litigation.

Issue: Division of Parks and Wildlife Reorganization

This issue brief summarizes the history of the Division of Parks and Wildlife's merger and reviews the Department's R4 Division of Parks and Wildlife line item reorganization request to consolidate certain line items.

SUMMARY:

- The merger of the Division of Parks and Wildlife provided an opportunity to eliminate duplicate processes and increase operating efficiencies;
- In FY 2013-14, appropriations were reduced by \$1.6 million cash funds and 20.0 FTE due to realized costs savings;
- House Bill 12-1317 requires the Parks and Wildlife Commission to formulate a five-year strategic plan and identify increased efficiencies and cost savings that may be realized by December 31, 2013; and
- The Department has submitted the R4 line item reorganization request to simplify the Long Bill structure to reflect operations of the Division.

RECOMMENDATION:

Staff recommends the Committee discuss the line item consolidation plan with the Department and address the following:

- Overview of the Department's work groups structure and discussion of internal accounting procedures to maintain separate accounting for Parks and Wildlife programs to ensure maximum federal funding; and
- Operational benefits and time savings that may be realized if the reorganization is implemented versus negative impacts of maintaining the existing structure.

DISCUSSION:

The General Assembly merged the Divisions of Parks and Wildlife in S.B. 11-208. The goal of the merger was to provide costs savings to react to a declining fund balance of the Wildlife Cash Fund. The Department requested a reduction of \$1.6 million cash funds and 20.0 FTE related to the merger in FY 2013-14. House Bill 12-1317 requires the Parks and Wildlife Commission to formulate a five-year strategic plan and identify increased efficiencies and cost savings that may be realized by December 31, 2013. A draft plan indicates merging the boards into one commission has made the administrative rule making process much more efficient. On-going merger projects to improve customer access include:

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- Continued evaluation for process duplication;
- Integrated Parks and Wildlife Systems for sales of products;
- Merged accounting systems, GIS systems, and websites; and
- Consolidation of volunteer programs and grant review processes.

The Wildlife Cash Fund has a projected average revenue shortfall of \$10.0 million a year through FY 2016-17. The decrease in revenues can be attributed to the decline of license sales and cash fund revenues, and the elimination of General Fund appropriations in FY 2011-12. The Department has not requested General Fund support for this Division since it was eliminated. The revenue shortfalls prompted the Commission to approve a \$10.0 million budget reduction, prioritizing certain programs. Major budget reductions include:

Parks and Wildlife Budget Reduction FY 2014-15	
Program	Reduction
Research/Species monitoring	\$2,630,000
Miscellaneous Operations	2,000,400
Wildlife Cash Fund	1,000,000
Habitat Stamp	1,000,000
Capital Expenditures	1,000,000
Aquatic Nuisance Species	1,000,000
Miscellaneous Operations	2,000,400
Fishing is Fun grants	500,000
Wetland grants	<u>200,000</u>
Total	\$9,330,400

R4 Division of Parks and Wildlife Line Item Reorganization

The R4 line item reorganization request proposes a Long Bill structure change of 18 line items. This includes the consolidation of eight line items with duplicate functions and names to four line items to reflect the combined appropriations for both the former parks and wildlife sections. The request reflects the elimination of the Discretionary Fund line item and a consolidation of three management and operations line items to a new Wildlife Operations line item. The proposed Long Bill format and internal accounting procedures will maintain the separate funding for programs that require the distinction between parks and wildlife funding, and allows for the accounting of dual purpose projects. The following table and line item descriptions outline the existing and proposed Long Bill structure:

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R4 Division of Parks and Wildlife Line Item Reorganization	
Current Line Items	Proposed New Long Bill Format
(5) Division of Parks and Wildlife	(5) Colorado Parks and Wildlife
(A) State Parks and Wildlife Operations (1) State Park Operations (2) Special Purpose Snowmobile Program River Outfitters Regulation Off-Highway Vehicle Program Off-Highway Vehicle Grants Federal Grants S.B. 03-290 Enterprise Fund Information Technology Natural Resource Protection Miscellaneous Small Projects Trails Grants S.B. 08-226 Aquatic Nuisance Species Indirect Cost Assessment	(A) Colorado Parks and Wildlife Operations State Park Operations Wildlife Operations (B) Special Purpose Snowmobile Program River Outfitters Regulation Off-Highway Vehicle Program Off-Highway Vehicle Grants Federal Grants S.B. 03-290 Enterprise Fund Information Technology Natural Resource Protection Trails Grants S.B. 08-226 Aquatic Nuisance Species Game Damage Claims and Prevention Instream Flow Program Habitat Partnership Program Grants and Habitats Partnership Asset Maintenance and Repairs Indirect Cost Assessment
(B) Wildlife (1) Division Operations Director's Office Wildlife Management Technical Services Information Technology (2) Special Purpose Discretionary Fund Game Damage Claims and Prevention Instream Flow Program Habitat Partnership Program S.B. 08-226 Aquatic Nuisance Species Grants and Habitat Partnerships Asset Maintenance and Repairs Indirect Cost Assessment	

Wildlife Operations

This line item will combine the existing functions or the following: Director's Office, Technical Services, and Wildlife Management. This will increase budget transparency and reflect the structure in which the Department now operates. A summary of the existing line item functions is provided below:

Director's Office (\$1,857,086 total funds and 15.7 FTE)

- Overall management and oversight of Wildlife activities including Commission support;
- Development and implementation of wildlife policies and regulations; and
- Budgeting, program evaluation, and grant administration.

Technical Services (\$69,822,120 total funds and 547.9 FTE)

- Accounting and cash management, contracting, procurement, labor data collection, license services, human resources, training, and legal services;
- Engineering design and managements of capital construction projects; and
- Operating customer service centers.

Wildlife Management (\$6,400,796 total funds and 59.0 FTE)

- Managing hunting/fishing programs;
- Maintaining healthy wildlife populations, ecosystems and habitat; and
- Administering education and outreach programs.

Discretionary Fund

The discretionary fund was designed to allow the Parks and Wildlife Commission to provide funds for wildlife and wildlife management as priorities emerged with no obvious source of funding. Due to internal budget cuts, expenditures have not been made from this line item since FY 2008-09. The requested Long Bill structure will eliminate this line item. The Department indicates they have enough flexibility in the existing appropriation to address emerging problems that may have been funded from this line item.

Asset Maintenance and Repairs & Miscellaneous Small Projects

These line items were transferred from the Capital Construction budget during FY 2010-11. Appropriations provide funding for controlled maintenance projects generally under \$50,000. Typical projects include weed spraying, roof repairs, shoreline stabilization, repairs to water and sewer lines, road and parking lot repairs, and ADA compliance projects. The requested line item Asset Maintenance and Repairs combines the two line items with similar functions.

S.B. 08-226 Aquatic Nuisance Species

S.B. 08-226 established aquatic nuisance species laws to prevent, control, contain, monitor, and eradicate aquatic nuisance species from state waters. The bill created the Division of Parks and Outdoor Recreation Aquatic Nuisance Species Fund and the Division of Wildlife Aquatic Nuisance Species Fund which are continuously appropriated. Both funds receive transfers from the Tier 2 of Severance Tax Operational Fund. The requested Long Bill structure will maintain funding in the separate accounts, but combine these two line items.

Information Technology

This line item supports communications infrastructure, connectivity at Parks and Wildlife properties, asset management, user support, standardized software applications, internet oversight, development of information technology policies and plans, and the development and maintenance of business applications. The requested Long Bill structure will combine the two separate line items.

Indirect Cost Assessment

Indirect cost assessments are charged to cash and federally-funded programs for departmental and statewide overhead costs. The indirect cost assessments for this Department are based upon personal services costs of cash and federally funded FTE in each division. The requested Long Bill structure will combine the two separate line items.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S PERFORMANCE PLAN:

This issue brief is not directly related to the Department's Performance Plan.

Issue: Status of the Severance Tax Operational Fund

Anticipated severance tax revenues are sufficient to support authorized expenditures from the Severance Tax Operational Fund in FY 2013-14 and FY 2014-15.

SUMMARY:

- Based on current revenue projections the Severance Tax Operational Fund is balanced for FY 2013-14, which will allow for Tier 2 programs to receive 100.0 percent of statutorily authorized funding, after the Tier 2 reserve is expended pursuant to Section 39-29-109.3(4)(b), C.R.S.;
- Revenues in FY 2014-15 are trending slightly higher than FY 2013-14 and may allow for full funding of authorized expenditures without the use of the Tier 2 reserve.

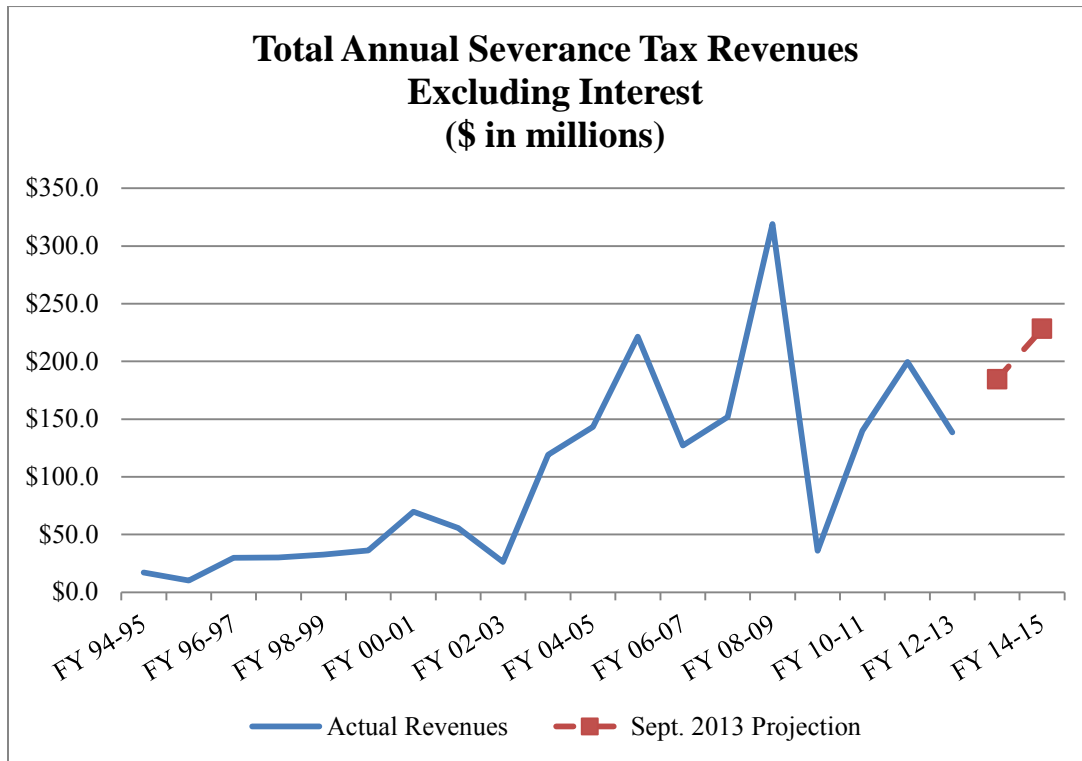
RECOMMENDATION:

Staff recommends the Committee and the General Assembly continue to monitor the Severance Tax Operational Fund balance and restrict future appropriations to a level that allows Tier 2 programs to receive 100.0 percent of statutorily authorized funding. Additionally, staff recommends that the Committee consider legislation which provides a mechanism to capture Operational Fund revenues in excess of statutory obligations, and direct those revenues to a certain program, or to offset General Fund appropriations in the Department of Natural Resources.

DISCUSSION:

Background

Pursuant to Sections 39-29-101 through 107, C.R.S., Colorado levies a tax on the severance of non-renewable natural resources. Colorado collects taxes on the severance of oil and gas, coal, molybdenum, and metallic minerals, and will collect taxes on oil shale if commercial production becomes viable. Severance tax revenues are highly volatile as shown in the chart on the following page:



Volatility stems from: (1) price fluctuations of the resources generating severance tax (most importantly oil and gas); (2) the ad valorem tax credit (Section 39-29-104 (2) (b) allowing severance taxpayers to deduct a portion (87.5 percent) of local property taxes paid on production from severance tax liability; and (3) a “stripper well” exemption allowing producers to exempt production from low-production wells from severance tax liability.

Due to the delayed schedule of property tax calculations, the amount of severance tax liability that may be offset is based on production values from two years prior. This schedule can generate significant swings in severance tax liability. In addition, changes in local tax policy can change a producer’s deduction against the state severance tax liability. Finally, geographic shifts in production (for example from portions of the state with lower local property tax rates to regions with higher rates) will affect statewide severance tax collections. As a result of these factors, severance tax revenues forecasting is particularly challenging.

Distribution of Severance Tax Revenues

Severance tax revenues are divided equally between the Severance Tax Trust Fund and the Department of Local Affairs. Fifty percent of revenues credited to the Severance Tax Trust fund are transferred to the Perpetual Fund and fifty percent of revenues are transferred to the Operational Fund.

The Colorado Water Conservation Board (CWCB) allocates the balance of the Perpetual Fund for water construction projects, while the Operational Fund supports programs that "promote and encourage sound natural resource planning, management, and development related to minerals,

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energy, geology, and water and for use in funding programs to reduce the burden of increasing home energy costs on low-income households."

Operational Fund expenditures are further divided as Tier 1 and Tier 2 expenditures. Tier 1 expenditures primarily support salaries and on-going programs costs in the Department of Natural Resources. Tier 2 programs generally support grants, loans, research, and construction. The statutory reserve requirement for Tier 1 programs is equal to one year of operating appropriations, while the reserve requirement for tier 2 programs is equal to 15.0 percent of authorized expenditures.

Proportional Reductions and H.B. 12-1353

When the Legislative Council Staff Revenue forecast indicates there will be insufficient revenues in the Operational Fund to support the authorized expenditures, statute directs proportional reductions to all Tier 2 programs in the amount of the deficiency. The distribution of funding for Tier 2 programs provides transfers of 40.0 percent on July 1, 30.0 percent on January 4, and 30.0 percent on April 1. Prior to the enactment of H.B. 12-1353, statute directed reductions to the January and April distributions, but did not allow for any reductions to the July distribution. House Bill 13-1185 aligned the Low-income Energy Assistance Program (LEAP) transfer payments with this schedule, allowing for reductions to be absorbed by the three LEAP accounts (Colorado Energy Office, Department of Human Services and Energy Outreach Colorado). The following table outlines the Legislative Staff Council Revenue Forecast date and the corresponding disbursement dates:

Operational Fund Tier 2 Distributions	
Forecast Date	Distribution Date
June	July 1
December	January 1
March	April 1

Based on the June 2013 Legislative Council Staff Revenue, the State Treasurer did not reduce the July 1, 2013, distribution for Tier 2 programs. Current revenue expectations should allow for full funding of Tier 2 programs in FY 2013-14 and FY 2014-15. The table on the following page provides an overview of the Operational Fund based on the September 2013 Legislative Council Staff Forecast, including a comparison of authorized and estimated distributions:

Severance Tax Operational Fund											
	Statutory Cite	Actual FY 11-12		Actual FY 12-13		Appropriated FY 13-14		Estimated FY 13-14		Estimated FY 14-15	
Beginning balance		\$18,439,558		\$25,665,237		\$18,981,011		\$18,981,011		\$13,026,309	
Revenue		<u>50,090,625</u>		<u>32,567,255</u>		<u>44,166,279</u> (est.)		<u>44,166,279</u> (est.)		<u>54,916,863</u> (est.)	
TOTAL Available for Expenditure		\$68,530,183		\$58,232,492	100.0%	\$63,147,290	100.0%	\$63,147,290	100.0%	\$67,943,172	100.0%
Roll-forwards		0		0		1,006,215		1,006,215			
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	48,720		28,593		TBD		TBD		TBD	
Tier 1	39-29-109.3 (1)										
Colorado Geological Survey	(b)	\$2,363,423	3.4%	\$2,398,341	4.1%	\$1,295,601	2.1%	\$1,295,601	2.1%	\$1,342,243	2.0%
Oil and Gas Conservation Commission	(a)	3,238,925	4.7%	3,212,032	5.5%	3,212,032	5.1%	3,212,032	5.1%	3,212,032	4.7%
Division of Reclamation, Mining, and Safety	(c)	4,161,520	6.1%	4,170,672	7.2%	4,464,429	7.1%	4,464,429	7.1%	4,553,718	6.7%
Colorado Water Conservation Board	(d)	1,302,846	1.9%	1,334,069	2.3%	1,319,250	2.1%	1,319,250	2.1%	1,319,250	1.9%
Division of Parks and Wildlife	(f)	2,498,440	3.6%	2,497,022	4.3%	2,370,397	3.8%	2,370,397	3.8%	2,370,397	3.5%
Avalanche Information Center	X	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>0.0%</u>	<u>326,985</u>	<u>0.5%</u>	<u>326,985</u>	<u>0.5%</u>	<u>333,525</u>	<u>0.5%</u>
SUBTOTAL Tier 1		\$13,565,154	19.8%	\$13,612,136	23.4%	\$12,988,694	20.6%	\$12,988,694	20.6%	\$13,131,164	19.3%
Tier 2	39-29-109.3 (2)										
Water infrastructure development	(a)	\$7,000,000		\$7,157,724		\$10,000,000		\$10,000,000		\$10,000,000	
Soil Conservation Districts matching grants	(b)	450,000		322,098		450,000		450,000		450,000	
Water efficiency grants	(c)	0		393,675		550,000		550,000		550,000	
Species Conservation Trust Fund	(d) & (e)	3,600,000		2,863,090		4,000,000		4,000,000		0	
Low income energy assistance	(f)	6,500,000		9,326,145		13,000,000		13,000,000		13,000,000	
Renewable energy - Higher ed consortium	(g)	0		0		0		0		0	
Renewable energy - Agriculture	(h)	500,000		357,886		500,000		500,000		500,000	
Interbasin water compacts	(i)	745,067		533,298		745,067		745,067		745,067	
CO Water Research Institute - CSU	(j)	0		0		0		0		0	
Forest restoration grants/ bark beetle	(k) and (n)	2,500,000		1,789,431		2,500,000		2,500,000		2,500,000	
Tamarisk control	(l)	0		0		0		0		0	
Aquatic Nuisance Species Fund	(m)	<u>4,006,005</u>		<u>2,867,388</u>		<u>4,006,005</u>		<u>4,006,005</u>		<u>4,006,005</u>	
SUBTOTAL Tier 2		\$25,301,072	36.9%	\$25,610,735	44.0%	\$35,751,072	56.6%	\$35,751,072	56.6%	\$31,751,072	46.7%
TOTAL Expenditures		\$38,914,946		\$39,251,481		\$50,120,981		\$50,120,981		\$45,257,236	
Transfer to General Fund	39-29-109.3 (6)	3,950,000		0		0		0		0	
Ending Balance		\$25,665,237		\$18,981,011		\$13,026,309		\$13,026,309		\$22,685,936	
Tier 1 Reserve	39-29-109.3 (3)	\$13,565,154		\$12,612,136		\$12,988,694		\$12,988,694		\$13,131,164	
Tier 2 Reserve	39-29-109.3 (3)	3,795,161		5,362,661		5,362,661		5,362,661		4,762,661	
Low income energy assistance reserve		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>	
TOTAL Reserve Requirement		\$17,360,315	25.3%	\$17,974,797	30.9%	\$18,351,355	29.1%	\$18,351,355	29.1%	\$17,893,825	26.3%
UNOBLIGATED BALANCE		\$8,304,922	12.1%	\$1,006,214	1.7%	(\$5,325,046)	-8.4%	(\$5,325,046)	-8.4%	\$4,792,111	7.1%

(est.) = estimate. Revenue estimates are based on the Legislative Council Staff's September 2013 Revenue Forecast and includes interest income of \$150,000 in FY 2013-14 and \$228,558 in FY 2014-15. Anticipated Tier 2 distributions include no proportional reductions in FY 2013-14, based on expenditures of \$5.3 million from the tier 2 reserve.

TBD = To be determined

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S
PERFORMANCE PLAN:**

This issue brief is not directly related to the Department's Performance Plan.

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Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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DEPARTMENT OF NATURAL RESOURCES
Mike King, Executive Director

(1) EXECUTIVE DIRECTOR'S OFFICE

This division provides budgeting, accounting, financial management, human resources, information technology, public information, and environmental education coordination for all divisions. Cash fund sources include various funds as reflected in individual division descriptions. Reappropriated funds is comprised of statewide and departmental indirect cost recoveries.

(A) Administration

Personal Services	<u>3,579,197</u>	<u>3,507,680</u>	<u>3,594,965</u>	<u>3,693,831</u>
FTE	39.4	38.2	41.8	41.8
Reappropriated Funds	3,579,197	3,507,680	3,594,965	3,693,831
Health, Life, and Dental	<u>9,005,212</u>	<u>9,980,553</u>	<u>10,898,842</u>	<u>11,980,938</u>
General Fund	1,531,020	963,577	820,070	1,361,709
Cash Funds	5,733,551	6,188,673	7,063,034	8,064,301
Reappropriated Funds	374,263	1,069,178	1,439,495	1,156,972
Federal Funds	1,366,378	1,759,125	1,576,243	1,397,956
Short-term Disability	<u>154,967</u>	<u>155,364</u>	<u>174,073</u>	<u>204,396</u>
General Fund	27,743	26,141	30,102	32,244
Cash Funds	103,755	101,914	113,478	141,051
Reappropriated Funds	5,731	5,494	5,634	5,825
Federal Funds	17,738	21,815	24,859	25,276

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	<u>2,446,227</u>	<u>3,169,436</u>	<u>3,705,042</u>	<u>4,246,685</u>	
General Fund	433,645	473,384	572,359	670,623	
Cash Funds	1,641,325	2,141,826	2,508,284	2,930,573	
Reappropriated Funds	90,652	102,945	107,304	121,059	
Federal Funds	280,605	451,281	517,095	524,430	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>1,963,386</u>	<u>2,733,609</u>	<u>3,342,999</u>	<u>3,981,267</u>	
General Fund	346,132	404,868	514,883	628,709	
Cash Funds	1,318,922	1,852,453	2,264,422	2,747,412	
Reappropriated Funds	72,846	88,469	96,872	113,493	
Federal Funds	225,486	387,819	466,822	491,653	
Salary Survey	<u>0</u>	<u>0</u>	<u>2,367,973</u>	<u>1,586,459</u>	
General Fund	0	0	308,185	254,341	
Cash Funds	0	0	1,919,674	1,102,139	
Reappropriated Funds	0	0	66,251	45,458	
Federal Funds	0	0	73,863	184,521	
Merit Pay	<u>0</u>	<u>0</u>	<u>1,527,049</u>	<u>1,534,255</u>	
General Fund	0	0	254,746	262,212	
Cash Funds	0	0	1,173,674	1,042,362	
Reappropriated Funds	0	0	53,444	45,100	
Federal Funds	0	0	45,185	184,581	
Shift Differential	<u>17,732</u>	<u>31,242</u>	<u>31,242</u>	<u>29,155</u>	
General Fund	0	0	0	0	
Cash Funds	17,732	31,242	31,242	29,155	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Workers' Compensation	<u>1,403,091</u>	<u>1,607,888</u>	<u>1,566,177</u>	<u>1,927,820</u>	
General Fund	199,253	62,350	70,152	54,713	
Cash Funds	1,148,866	1,497,832	1,470,317	1,861,604	
Reappropriated Funds	24,310	8,348	94	9,213	
Federal Funds	30,662	39,358	25,614	2,290	
Operating Expenses	<u>1,208,860</u>	<u>650,701</u>	<u>1,246,467</u>	<u>1,246,467</u>	
Cash Funds	1,028,596	467,682	1,057,006	1,057,006	
Reappropriated Funds	174,927	177,682	184,124	184,124	
Federal Funds	5,337	5,337	5,337	5,337	
Legal Services	<u>3,365,661</u>	<u>3,381,991</u>	<u>4,280,030</u>	<u>4,607,918</u>	*
General Fund	832,731	850,032	1,003,109	1,003,109	
Cash Funds	2,467,150	2,473,115	3,172,117	3,500,005	
Reappropriated Funds	36,687	8,938	43,853	43,853	
Federal Funds	29,093	49,906	60,951	60,951	
Purchase of Services from Computer Center	<u>5,411,608</u>	<u>5,222,353</u>	<u>6,051,995</u>	<u>0</u>	*
General Fund	471,648	318,313	458,489	0	
Cash Funds	3,314,076	3,651,170	3,993,259	0	
Reappropriated Funds	1,521,241	1,042,475	1,435,224	0	
Federal Funds	104,643	210,395	165,023	0	
Multiuse Network Payments	<u>2,186,240</u>	<u>2,274,071</u>	<u>2,206,025</u>	<u>0</u>	*
General Fund	130,554	334,341	302,137	0	
Cash Funds	1,375,172	1,607,007	1,748,057	0	
Reappropriated Funds	569,738	313,778	138,626	0	
Federal Funds	110,776	18,945	17,205	0	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Management and Administration of OIT	<u>549,913</u>	<u>290,806</u>	<u>273,645</u>	<u>0</u>	*
General Fund	1,517	41,187	35,113	0	
Cash Funds	297,502	182,263	227,786	0	
Reappropriated Funds	244,797	62,038	6,106	0	
Federal Funds	6,097	5,318	4,640	0	
Payment to Risk Management and Property Funds	<u>760,527</u>	<u>949,810</u>	<u>835,402</u>	<u>759,328</u>	
General Fund	68,601	91,214	87,267	79,501	
Cash Funds	670,925	830,795	720,247	656,455	
Reappropriated Funds	11,964	15,872	16,403	13,229	
Federal Funds	9,037	11,929	11,485	10,143	
Vehicle Lease Payments	<u>2,774,311</u>	<u>2,860,362</u>	<u>3,462,996</u>	<u>3,927,223</u>	*
General Fund	300,382	320,663	312,940	258,063	
Cash Funds	2,420,249	2,493,765	3,092,453	3,600,461	
Reappropriated Funds	0	0	3,208	1,675	
Federal Funds	53,680	45,934	54,395	67,024	
Information Technology Asset Maintenance	<u>245,718</u>	<u>35,647</u>	<u>263,159</u>	<u>263,159</u>	
General Fund	31,628	0	31,628	31,628	
Cash Funds	123,552	19,059	140,993	140,993	
Reappropriated Funds	90,538	16,588	90,538	90,538	
Federal Funds	0	0	0	0	
Leased Space	<u>1,344,308</u>	<u>1,266,004</u>	<u>1,422,380</u>	<u>1,302,222</u>	*
General Fund	536,714	531,230	532,215	568,930	
Cash Funds	779,813	704,661	856,479	697,736	
Federal Funds	27,781	30,113	33,686	35,556	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Capitol Complex Leased Space	<u>872,671</u>	<u>865,372</u>	<u>1,248,895</u>	<u>1,113,580</u>	
General Fund	217,856	216,033	277,908	235,712	
Cash Funds	376,772	373,616	635,954	568,434	
Reappropriated Funds	171,126	169,701	199,814	190,450	
Federal Funds	106,917	106,022	135,219	118,984	
Integrated Resource Services	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>	
General Fund	0	0	0	0	
Reappropriated Funds	0	0	250,000	250,000	
Communication Services Payments	<u>1,060,571</u>	<u>1,039,294</u>	<u>1,157,811</u>	<u>0</u> *	
General Fund	0	0	0	0	
Cash Funds	1,060,571	1,039,294	1,157,811	0	
COFRS Modernization	<u>0</u>	<u>1,177,583</u>	<u>1,351,127</u>	<u>1,351,127</u>	
General Fund	0	117,073	130,479	130,479	
Cash Funds	0	1,001,147	1,113,765	1,113,765	
Reappropriated Funds	0	59,363	67,437	67,437	
Federal Funds	0	0	39,446	39,446	
Information Technology Security	<u>0</u>	<u>0</u>	<u>99,835</u>	<u>0</u> *	
General Fund	0	0	7,026	0	
Cash Funds	0	0	72,362	0	
Reappropriated Funds	0	0	18,499	0	
Federal Funds	0	0	1,948	0	
Species Conservation Trust Fund	<u>3,789,572</u>	<u>27,762</u>	<u>4,000,000</u>	<u>0</u>	
Cash Funds	3,789,572	27,762	4,000,000	0	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Payments to OIT	0	0	0	8,004,189 *	
General Fund	0	0	0	710,306	
Cash Funds	0	0	0	6,148,833	
Reappropriated Funds	0	0	0	1,025,742	
Federal Funds	0	0	0	119,308	
SUBTOTAL - (A) Administration	42,139,772	41,227,528	55,358,129	52,010,019	(6.0%)
<i>FTE</i>	39.4	38.2	41.8	41.8	0.0%
General Fund	5,129,424	4,750,406	5,748,808	6,282,279	9.3%
Cash Funds	27,668,101	26,685,276	38,532,414	35,402,285	(8.1%)
Reappropriated Funds	6,968,017	6,648,549	7,817,891	7,057,999	(9.7%)
Federal Funds	2,374,230	3,143,297	3,259,016	3,267,456	0.3%

(B) Special Programs

Colorado Avalanche Information Center	0	439,181	708,770	741,587	
FTE	0.0	0.0	8.4	8.4	
Cash Funds	0	182,975	280,750	301,637	
Reappropriated Funds	0	246,963	409,833	420,979	
Federal Funds	0	9,243	18,187	18,971	
Transfer to the Healthy Forests and Vibrant Communities					
Fund	0	0	0	0	
General Fund	0	0	0	0	
Indirect Cost Assessment	0	0	35,514	11,840	
Cash Funds	0	0	34,564	11,334	
Federal Funds	0	0	950	506	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Indirect Costs	<u>0</u>	<u>1,813</u>	<u>0</u>	<u>0</u>	
Federal Funds	0	1,813	0	0	
SUBTOTAL - (B) Special Programs	0	440,994	744,284	753,427	1.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>8.4</u>	<u>8.4</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	182,975	315,314	312,971	(0.7%)
Reappropriated Funds	0	246,963	409,833	420,979	2.7%
Federal Funds	0	11,056	19,137	19,477	1.8%
TOTAL - (1) Executive Director's Office	42,139,772	41,668,522	56,102,413	52,763,446	(6.0%)
<i>FTE</i>	<u>39.4</u>	<u>38.2</u>	<u>50.2</u>	<u>50.2</u>	<u>(0.0%)</u>
General Fund	5,129,424	4,750,406	5,748,808	6,282,279	9.3%
Cash Funds	27,668,101	26,868,251	38,847,728	35,715,256	(8.1%)
Reappropriated Funds	6,968,017	6,895,512	8,227,724	7,478,978	(9.1%)
Federal Funds	2,374,230	3,154,353	3,278,153	3,286,933	0.3%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(6) DIVISION OF PARKS AND WILDLIFE

This division manages Colorado's 43 State Parks, the State's wildlife resources, and various special purpose programs. Primary funding for the Division comes from parks passes and fees, hunting and fishing licenses, Great Outdoors Colorado Board grants, federal funds, severance tax funds, and various other cash funds.

(A) Colorado Parks and Wildlife Operations

State Park Operations	23,300,543	26,801,000	27,203,781	27,931,989	
FTE	225.6	247.2	255.1	255.1	
General Fund	0	0	0	0	
Cash Funds	22,919,118	26,177,360	26,765,073	27,490,248	
Reappropriated Funds	0	0	0	0	
Federal Funds	381,425	623,640	438,708	441,741	
Wildlife Operations	0	0	0	79,212,365 *	
FTE	0.0	0.0	0.0	622.6	
Cash Funds	0	0	0	60,375,050	
Federal Funds	0	0	0	18,837,315	

SUBTOTAL - (A) Colorado Parks and Wildlife Operations	23,300,543	26,801,000	27,203,781	107,144,354	293.9%
FTE	225.6	247.2	255.1	877.7	244.1%
General Fund	0	0	0	0	0.0%
Cash Funds	22,919,118	26,177,360	26,765,073	87,865,298	228.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	381,425	623,640	438,708	19,279,056	4294.5%

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
(B) Wildlife					
(1) Division Operations					
Director's Office	1,157,253	1,225,075	1,857,086	0	*
FTE	10.0	10.3	15.7	0.0	
Cash Funds	1,063,236	1,175,912	1,737,507	0	
Federal Funds	94,017	49,163	119,579	0	
Wildlife Management	66,252,468	66,880,973	69,822,120	0	*
FTE	567.2	571.1	547.9	0.0	
General Fund	0	0	500,000	0	
Cash Funds	49,958,829	51,628,484	50,619,650	0	
Federal Funds	16,293,639	15,252,489	18,702,470	0	
Technical Services	5,729,703	5,409,967	6,400,796	0	*
FTE	52.5	51.0	59.0	0.0	
Cash Funds	5,843,835	5,577,055	6,385,530	0	
Federal Funds	(114,132)	(167,088)	15,266	0	
Information Technology	1,010,426	1,103,809	1,580,395	0	*
FTE	0.0	0.0	0.0	0.0	
Cash Funds	1,010,426	1,103,809	1,580,395	0	
SUBTOTAL -	74,149,850	74,619,824	79,660,397	0	(100.0%)
FTE	629.7	632.4	622.6	0.0	(100.0%)
General Fund	0	0	500,000	0	(100.0%)
Cash Funds	57,876,326	59,485,260	60,323,082	0	(100.0%)
Federal Funds	16,273,524	15,134,564	18,837,315	0	(100.0%)

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
(2) Special Purpose					
Wildlife Commission Discretionary Fund	<u>0</u>	<u>0</u>	<u>160,000</u>	<u>0</u>	*
Cash Funds	0	0	160,000	0	
S.B. 08-226 Aquatic Nuisance Species	<u>1,830,888</u>	<u>2,167,551</u>	<u>1,304,544</u>	<u>0</u>	*
Cash Funds	1,830,888	949,800	1,304,544	0	
Federal Funds	0	1,217,751	0	0	
Indirect Cost Assessment	<u>3,430,878</u>	<u>3,450,099</u>	<u>3,979,346</u>	<u>0</u>	*
Cash Funds	2,737,869	2,863,636	3,349,809	0	
Federal Funds	693,009	586,463	629,537	0	
SUBTOTAL -	5,261,766	5,617,650	5,443,890	0	(100.0%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	4,568,757	3,813,436	4,814,353	0	(100.0%)
Federal Funds	693,009	1,804,214	629,537	0	(100.0%)
SUBTOTAL - (B) Wildlife	79,411,616	80,237,474	85,104,287	0	(100.0%)
FTE	<u>629.7</u>	<u>632.4</u>	<u>622.6</u>	<u>0.0</u>	<u>(100.0%)</u>
General Fund	0	0	500,000	0	(100.0%)
Cash Funds	62,445,083	63,298,696	65,137,435	0	(100.0%)
Federal Funds	16,966,533	16,938,778	19,466,852	0	(100.0%)
(B) Special Purpose					
Snowmobile Program	<u>818,886</u>	<u>789,075</u>	<u>1,000,924</u>	<u>1,000,924</u>	*
FTE	1.2	1.1	1.3	1.3	
Cash Funds	818,886	789,075	1,000,924	1,000,924	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
River Outfitters Regulation	<u>103,988</u>	<u>100,114</u>	<u>142,966</u>	<u>143,996</u>	*
FTE	0.4	0.5	0.5	0.5	
Cash Funds	103,988	100,114	142,966	143,996	
Off-highway Vehicle Program	<u>423,540</u>	<u>490,779</u>	<u>532,501</u>	<u>537,801</u>	*
FTE	3.0	3.5	3.0	3.0	
Cash Funds	423,540	490,779	532,501	537,801	
Off-highway Vehicle Grants	<u>3,240,154</u>	<u>3,139,100</u>	<u>4,000,000</u>	<u>4,000,000</u>	*
Cash Funds	3,240,154	3,139,100	4,000,000	4,000,000	
Federal Grants	<u>719,084</u>	<u>730,436</u>	<u>750,000</u>	<u>750,000</u>	*
Federal Funds	719,084	730,436	750,000	750,000	
S.B. 03-290 Enterprise Fund	<u>276,746</u>	<u>256,041</u>	<u>200,000</u>	<u>200,000</u>	*
Cash Funds	276,746	256,041	200,000	200,000	
Information Technology	<u>0</u>	<u>977,093</u>	<u>1,301,500</u>	<u>2,881,895</u>	*
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	977,093	1,301,500	2,881,895	
Natural Resource Protection	<u>593,852</u>	<u>602,327</u>	<u>600,000</u>	<u>600,000</u>	*
Cash Funds	571,394	602,327	150,000	150,000	
Federal Funds	22,458	0	450,000	450,000	
Trails Grants	<u>1,264,283</u>	<u>1,741,021</u>	<u>2,200,000</u>	<u>2,200,000</u>	*
Cash Funds	643,743	516,646	1,800,000	1,800,000	
Federal Funds	620,540	1,224,375	400,000	400,000	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
S.B. 08-226 Aquatic Nuisance Species	<u>1,969,487</u>	<u>1,883,232</u>	<u>2,548,520</u>	<u>3,866,639</u>	*
FTE	4.8	4.0	4.0	4.0	
Cash Funds	1,969,487	1,883,232	2,548,520	3,866,639	
Game Damage Claims and Prevention	<u>1,282,500</u>	<u>1,209,936</u>	<u>1,282,500</u>	<u>1,282,500</u>	*
Cash Funds	1,282,500	1,209,936	1,282,500	1,282,500	
Instream Flow Program	<u>296,027</u>	<u>296,027</u>	<u>296,027</u>	<u>296,027</u>	*
Cash Funds	296,027	296,027	296,027	296,027	
Habitat Partnership Program	<u>2,484,123</u>	<u>1,707,530</u>	<u>2,500,000</u>	<u>2,500,000</u>	*
Cash Funds	2,484,123	1,707,530	2,500,000	2,500,000	
Grants and Habitat Partnerships	<u>216,733</u>	<u>676,071</u>	<u>1,625,000</u>	<u>1,625,000</u>	*
Cash Funds	216,733	676,071	1,625,000	1,625,000	
Asset Maintenance and Repairs	<u>441,705</u>	<u>695,039</u>	<u>606,880</u>	<u>2,606,880</u>	*
Cash Funds	441,705	695,039	606,880	2,606,880	
Indirect Cost Assessment	<u>1,811,853</u>	<u>1,858,391</u>	<u>1,777,457</u>	<u>5,136,678</u>	*
Cash Funds	1,583,099	1,858,391	1,739,891	4,416,577	
Federal Funds	228,754	0	37,566	720,101	
SUBTOTAL - (B) Special Purpose	15,942,961	17,152,212	21,364,275	29,628,340	38.7%
FTE	9.4	9.1	8.8	8.8	0.0%
Cash Funds	14,352,125	15,197,401	19,726,709	27,308,239	38.4%
Federal Funds	1,590,836	1,954,811	1,637,566	2,320,101	41.7%

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
TOTAL - (6) Division of Parks and Wildlife	118,655,120	124,190,686	133,672,343	136,772,694	2.3%
<i>FTE</i>	<u>864.7</u>	<u>888.7</u>	<u>886.5</u>	<u>886.5</u>	<u>(0.0%)</u>
General Fund	0	0	500,000	0	(100.0%)
Cash Funds	99,716,326	104,673,457	111,629,217	115,173,537	3.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	18,938,794	19,517,229	21,543,126	21,599,157	0.3%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(7) COLORADO WATER CONSERVATION BOARD

This division is responsible for water conservation, development, protection, planning, and management. The primary cash fund source is the Colorado Water Conservation Board Construction Fund.

(A) Administration

Personal Services	<u>2,587,818</u>	<u>2,483,330</u>	<u>2,886,953</u>	<u>2,985,925</u>	
FTE	28.6	26.8	30.0	30.0	
General Fund	0	0	0	0	
Cash Funds	2,291,791	2,187,303	2,595,366	2,694,338	
Reappropriated Funds	296,027	296,027	291,587	291,587	
Operating Expenses	<u>449,750</u>	<u>472,046</u>	<u>472,761</u>	<u>472,761</u>	
Cash Funds	449,750	472,046	472,761	472,761	
River Decision Support Systems	<u>446,218</u>	<u>408,962</u>	<u>456,784</u>	<u>464,075</u>	
FTE	4.0	4.0	4.0	4.0	
Cash Funds	446,218	408,962	456,784	464,075	

SUBTOTAL - (A) Administration	3,483,786	3,364,338	3,816,498	3,922,761	2.8%
FTE	<u>32.6</u>	<u>30.8</u>	<u>34.0</u>	<u>34.0</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	3,187,759	3,068,311	3,524,911	3,631,174	3.0%
Reappropriated Funds	296,027	296,027	291,587	291,587	0.0%

(B) Special Purpose

Intrastate Water Management and Development	<u>392,165</u>	<u>335,717</u>	<u>470,464</u>	<u>470,464</u>	
Cash Funds	392,165	335,717	470,464	470,464	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Federal Emergency Management Assistance	<u>111,143</u>	<u>124,840</u>	<u>143,928</u>	<u>149,019</u>	
FTE	1.9	2.0	2.0	2.0	
Cash Funds	0	0	13,732	13,732	
Federal Funds	111,143	124,840	130,196	135,287	
Weather Modification	<u>6,495</u>	<u>9,361</u>	<u>25,000</u>	<u>25,000</u>	
Cash Funds	6,495	9,361	25,000	25,000	
Water Conservation Program	<u>254,026</u>	<u>145,346</u>	<u>285,166</u>	<u>297,615</u>	
FTE	3.3	2.1	4.0	4.0	
Cash Funds	254,026	145,346	285,166	297,615	
Water Efficiency Grant Program	<u>379,375</u>	<u>747,075</u>	<u>598,788</u>	<u>598,788</u>	
FTE	1.0	1.0	1.0	1.0	
Cash Funds	379,375	747,075	598,788	598,788	
Severance Tax Fund	<u>1,268,180</u>	<u>1,267,157</u>	<u>1,275,500</u>	<u>1,275,500</u>	
Cash Funds	1,268,180	1,267,157	1,275,500	1,275,500	
Interbasin Compacts	<u>820,727</u>	<u>853,911</u>	<u>1,141,167</u>	<u>1,141,167</u>	
FTE	4.0	4.0	3.7	3.7	
Cash Funds	820,727	853,911	1,141,167	1,141,167	
Platte River Basin Cooperative Agreement	<u>183,489</u>	<u>217,953</u>	<u>231,534</u>	<u>235,959</u>	
FTE	1.0	1.0	1.0	1.0	
Cash Funds	183,489	217,953	231,534	235,959	
S.B. 02-87 Colorado Watershed Protection Fund	<u>54,221</u>	<u>121,764</u>	<u>119,942</u>	<u>119,942</u>	
Cash Funds	54,221	121,764	119,942	119,942	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Water Construction Fund Bill	<u>2,103,785</u>	<u>27,975,000</u>	<u>32,040,000</u>	<u>0</u>	
Cash Funds	2,103,785	27,975,000	32,040,000	0	
H.B. 12-1278 South Platte Alluvial Aquifer Study	<u>0</u>	<u>390,117</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	390,117	0	0	
Indirect Cost Assessment	<u>618,785</u>	<u>540,294</u>	<u>501,575</u>	<u>439,914</u>	
Cash Funds	577,833	514,757	491,158	408,801	
Federal Funds	40,952	25,537	10,417	31,113	
SUBTOTAL - (B) Special Purpose	6,192,391	32,728,535	36,833,064	4,753,368	(87.1%)
<i>FTE</i>	<u>11.2</u>	<u>10.1</u>	<u>11.7</u>	<u>11.7</u>	<u>(0.0%)</u>
General Fund	0	0	0	0	0.0%
Cash Funds	6,040,296	32,578,158	36,692,451	4,586,968	(87.5%)
Federal Funds	152,095	150,377	140,613	166,400	18.3%
TOTAL - (7) Colorado Water Conservation Board	9,676,177	36,092,873	40,649,562	8,676,129	(78.7%)
<i>FTE</i>	<u>43.8</u>	<u>40.9</u>	<u>45.7</u>	<u>45.7</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	9,228,055	35,646,469	40,217,362	8,218,142	(79.6%)
Reappropriated Funds	296,027	296,027	291,587	291,587	0.0%
Federal Funds	152,095	150,377	140,613	166,400	18.3%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(8) WATER RESOURCES DIVISION

This division is responsible for the supervision and control of water resources in the State. The division is funded primarily by the General Fund but also includes various cash funds deposited in the Water Resources Cash Fund, CWCB Construction funds, well inspection and satellite monitoring system funds, as well as some federal funds.

Existing Structure

Personal Services	<u>16,871,311</u>	<u>17,714,844</u>	<u>0</u>	<u>0</u>
FTE	232.0	243.1	0.0	0.0
General Fund	16,871,311	17,248,393	0	0
Cash Funds	0	465,384	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	1,067	0	0
Operating Expenses	<u>1,165,106</u>	<u>1,251,531</u>	<u>0</u>	<u>0</u>
General Fund	1,165,106	1,090,907	0	0
Cash Funds	0	160,624	0	0
Interstate Compacts	<u>62,590</u>	<u>75,976</u>	<u>0</u>	<u>0</u>
General Fund	62,590	75,976	0	0
Republican River Compact Compliance	<u>294,771</u>	<u>316,364</u>	<u>0</u>	<u>0</u>
FTE	3.6	4.7	0.0	0.0
General Fund	294,771	316,364	0	0
Cash Funds	0	0	0	0
Augmentation of Water for Sand and Gravel Extraction	<u>41,148</u>	<u>1,294</u>	<u>0</u>	<u>0</u>
Cash Funds	41,148	1,294	0	0

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
S.B. 04-225 Well Enforcement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	
Water Construction Fund Bill	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	
SUBTOTAL - Existing Structure	18,434,926	19,360,009	0	0	0.0%
FTE	<u>235.6</u>	<u>247.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	18,393,778	18,731,640	0	0	0.0%
Cash Funds	41,148	627,302	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	1,067	0	0	0.0%

(A) Division Operations

Water Administration	<u>0</u>	<u>0</u>	<u>19,174,566</u>	<u>20,039,795</u> *
FTE	0.0	0.0	245.1	248.8
General Fund	0	0	18,534,732	19,398,599
Cash Funds	0	0	639,834	641,196
Well Inspection	<u>0</u>	<u>0</u>	<u>358,873</u>	<u>371,956</u>
FTE	0.0	0.0	3.0	3.0
Cash Funds	0	0	358,873	371,956
Satellite Monitoring System	<u>375,851</u>	<u>396,873</u>	<u>499,857</u>	<u>499,857</u>
FTE	2.0	1.1	2.0	2.0
General Fund	170,963	194,968	194,968	194,968
Cash Funds	204,888	201,905	304,889	304,889

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Federal Grants	<u>237,332</u>	<u>271,018</u>	<u>194,260</u>	<u>194,260</u>	
FTE	0.1	0.1	0.0	0.0	
Federal Funds	237,332	271,018	194,260	194,260	
River Decision Support Systems	<u>141,186</u>	<u>206,232</u>	<u>206,232</u>	<u>206,232</u>	
FTE	2.0	2.3	2.0	2.0	
Cash Funds	141,186	206,232	206,232	206,232	
SUBTOTAL - (A) Division Operations	754,369	874,123	20,433,788	21,312,100	4.3%
FTE	4.1	3.5	252.1	255.8	1.5%
General Fund	170,963	194,968	18,729,700	19,593,567	4.6%
Cash Funds	346,074	408,137	1,509,828	1,524,273	1.0%
Federal Funds	237,332	271,018	194,260	194,260	0.0%

(B) Special Purpose

Dam Emergency Repair	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	
Cash Funds	0	0	50,000	50,000	
H.B. 03-1334 Temporary Water Supply Agreements	<u>0</u>	<u>0</u>	<u>61,589</u>	<u>61,589</u>	
Cash Funds	0	0	61,589	61,589	
Indirect Cost Assessment	<u>44,732</u>	<u>27,682</u>	<u>27,619</u>	<u>50,763</u>	
Cash Funds	43,947	25,120	25,379	45,966	
Federal Funds	785	2,562	2,240	4,797	
CWCB Projects Bill	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	
Cash Funds	0	0	300,000	0	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
SUBTOTAL - (B) Special Purpose	44,732	27,682	439,208	162,352	(63.0%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	43,947	25,120	436,968	157,555	(63.9%)
Federal Funds	785	2,562	2,240	4,797	114.2%
TOTAL - (8) Water Resources Division	19,234,027	20,261,814	20,872,996	21,474,452	2.9%
<i>FTE</i>	<u>239.7</u>	<u>251.3</u>	<u>252.1</u>	<u>255.8</u>	<u>1.5%</u>
General Fund	18,564,741	18,926,608	18,729,700	19,593,567	4.6%
Cash Funds	431,169	1,060,559	1,946,796	1,681,828	(13.6%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	238,117	274,647	196,500	199,057	1.3%
TOTAL - Department of Natural Resources	189,705,096	222,213,895	251,297,314	219,686,721	(12.6%)
<i>FTE</i>	<u>1,187.6</u>	<u>1,219.1</u>	<u>1,234.5</u>	<u>1,238.2</u>	<u>0.3%</u>
General Fund	23,694,165	23,677,014	24,978,508	25,875,846	3.6%
Cash Funds	137,043,651	168,248,736	192,641,103	160,788,763	(16.5%)
Reappropriated Funds	7,264,044	7,191,539	8,519,311	7,770,565	(8.8%)
Federal Funds	21,703,236	23,096,606	25,158,392	25,251,547	0.4%

Appendix B: **Recent Legislation Affecting Department Budget**

2012 Session Bills

S.B. 12-009: Creates the Water Resources Cash Fund, intended primarily for administrative uses by the Water Resources Division (DWR). Consolidates into the Water Resources Cash Fund six existing cash funds—the Water Data Bank Cash Fund, the Water Resources Division Publication Cash Fund, the Water Resources Division Groundwater Management Cash Fund, the Groundwater Publication Fund, the Gravel Pit Lakes Augmentation Fund, and the Well Enforcement Cash Fund—eliminating those existing cash funds.

H.B. 12-1246: Appropriates \$228,000 General Fund to the Water Resources Division to reverse the annual payday shift as it applies to state employees paid on a bi-weekly basis.

H.B. 12-1278: Appropriates \$910,900 cash funds (Colorado Water Conservation Board Construction Fund) to the Colorado Water Conservation Board (CWCB). Requires the CWCB in consultation with the State Engineer and the Colorado Water Institute, to conduct a comprehensive study to compile and evaluate available historical hydrologic data in the South Platte River Basin. Directs the CWCB to contract with the Colorado Water Institute to conduct the study.

H.B. 12-1317: Replaces the Parks and Wildlife Board in the Department of Natural Resources with the Parks and Wildlife Commission and specifies the responsibilities of the new commission. Reduces appropriations to the Division of Parks and Wildlife by \$18,055 cash funds.

H.B. 12-1330: Allows a person whose hunting or fishing license has been suspended for two years or more to petition the Parks and Wildlife Commission in the Department of Natural Resources once every five years to end the suspension after half of the suspension of at least 10 years has elapsed or after 15 years of a lifetime suspension. A person can petition the commission three times. Upon receiving a fourth or subsequent petition, the commission may deny the petition without a hearing. The commission may end the suspension if:

- the person is unlikely to offend again;
- the person has not violated the wildlife statutes again; and
- the suspension is the person's first in Colorado.

The commission is authorized to order the person to pay a reinstatement fee of up to \$300, perform up to 40 hours of service on wildlife or park projects, or attend hunting education courses. Appropriates \$23,419 cash funds to the Department of Natural Resources for additional hearing costs. Out of the appropriation to the Department, appropriates \$3,028 reappropriated funds to the Department of Law for the provision of legal services.

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H.B. 12-1349: Combines the Operation and Maintenance Account and the Capital Account of the Species Conservation Trust Fund into the Species Conservation Trust Fund (SCTF). Appropriates \$4,000,000 from the Species Conservation Trust Fund to the Department of Natural Resources in FY 2012-13 for programs to conserve native species that have been listed as threatened or endangered under state or federal law, or are candidate species or are likely to become candidate species as determined by the United States Fish and Wildlife Services. Also reduces existing appropriations by \$500,000 for projects in FY 2011-12 to reflect the amount actually required by the Department.

H.B. 12-1353: Modifies the statutory provisions relating to proportional reductions of Tier 2 transfers from the Severance Tax Operational Fund (Operational Fund). Statute allows for transfers to Tier 2 programs in three installments: on July 1, January 1, and April 1 of each fiscal year. Prior law allowed for proportional reductions, as necessary to balance the Operational Account, to the January 1 and April 1 installments but did not provide for reductions to the July 1 installment. The bill allows for reductions to July 1 installments as necessary based on the June Legislative Council Staff Revenue Forecast from the preceding fiscal year. The bill specifies that the reductions in each installment be sufficient to cover the following percentages of the projected shortfall: 40.0 percent in July; 70.0 percent in January; and 100 percent in April of a given fiscal year.

Also allows the April installment to increase to offset proportional reductions made in July and January if revenue is anticipated to be sufficient to cover such an increase while still meeting the reserve requirement. The bill also reduces the required Tier 1 reserve for FY 2012-13 by \$1 million. Finally, the bill clarifies that the Tier 2 reserve may be used as follows:

- up to one-third of the reserve to offset July 1 proportional reductions;
- up to one-third of the reserve to offset January 4 proportional reductions; and
- any amount remaining to offset April 1 proportional reductions.

H.B. 12-1355: Transfers the powers, duties, and functions of the Colorado Geological Survey and the Office of the State Geologist from the Department of Natural Resources (DNR) to the Colorado School of Mines (Mines) on January 31, 2013, providing the president of the university and the executive director of the DNR enter into a memorandum of understanding (MOU) concerning the transfer by December 31, 2012. Requires the MOU to address the:

- functions and objectives of the geological survey;
- transfer of employees;
- transfer of real and personal property;
- existing contracts of the DNR; and
- existing appropriations allocated to the Geological Survey Cash Fund.

Requires the president of the Colorado School of Mines to report to the Joint Budget Committee and the House and Senate Agriculture Committees regarding the status of the MOU by December 1, 2012. If the DNR and Mines do not enter into a MOU by December 31, 2012, the transfer will not occur.

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S.B. 12S-002: Appropriates \$28,350,857 cash funds from the Colorado Water Conservation Board (CWCB) Construction Fund to the Department of Natural Resources in FY 2012-13 for various water-related projects. Transfers a total of \$43.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the CWCB Construction Fund over three fiscal years (FY 2012-13, FY 2013-14, and FY 2014-15) and transfers \$300,000 from the CWCB Construction Fund to the Flood and Drought Response Fund in FY 2012-13.

2013 Session Bills

S.B. 13-098: Supplemental appropriation to the Department of Natural Resources to modify FY 2012-13 appropriations included in the FY 2012-13 Long Bill (H.B. 12-1335).

S.B. 13-181: Appropriates \$32,340,000 cash funds from the Colorado Water Conservation Board (CWCB) Construction Fund to the Department of Natural Resources in FY 2013-14 for various water-related projects. Increases the transfers from the Severance Tax Perpetual Base Fund to the CWCB Construction Fund for the Chatfield Reservoir Reallocation Project from thirteen million to sixty-two million over four fiscal years (FY 2012-13, FY 2013-14, and FY 2015-16). Transfers \$2.0 million in FY 2013-14 from the Severance Tax Perpetual Base Fund to the CWCB Construction Fund for the Windy Gap Reservoir Bypass project. Transfers \$300,000 in FY 2013-14 from the CWCB Construction Fund to the Flood and Drought Response Fund. Clarifies that the Department of Natural Resources shall administer the Severance Tax Trust Fund. Changes the name of the Perpetual Base Account of the Severance Tax Trust Fund to the Severance Tax Perpetual Base Fund. Changes the name of the Operational Account of the Severance Tax Trust Fund to the Severance Tax Operational Fund.

S.B. 13-188: Replaces the current set of landowner preference programs for hunting licenses with a single program. Defines the new program. For FY 2013-14 appropriates \$51,800 cash funds from the Wildlife Cash Fund to the Division of Parks and Wildlife.

S.B. 13-202: Requires the Colorado Oil and Gas Conservation Commission to report to the Joint Budget Committee and House and Senate committees of reference with jurisdiction over energy by February 1, 2014, on utilizing a risk-based strategy for inspecting oil and gas locations that targets operational phases that are most likely to experience spills, excess emissions, and other types of violations. Appropriates \$100,000 cash funds from the Oil and Gas Conservation and Environmental Response Fund to the Oil and Gas Conservation Commission to allow the Department to contract with an external entity to produce the report.

S.B. 13-230: General appropriations act for FY 2013-14.

S.B. 13-236: Requires transfer to the Colorado Water Conservation Board Construction Fund any excess General Fund reserve for the fiscal year 2013-14 that is equal to the lesser of thirty million dollars or the total General Fund surplus. For additional information on S.B. 13-236, see the "Recent Legislation" section for the Capital Construction section.

H.B. 13-1057: Reverses provisions of H.B. 12-1355 that would have transferred the Colorado Avalanche Information Center (CAIC) to the Colorado School of Mines and retains the CAIC as

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a program within the Executive Director's Office of the Department of Natural Resources. Creates a new cash fund for training and materials fees received by the CAIC.

H.B. 13-1278: Requires oil and gas operators to report all spills of one or more barrel of oil or exploration and production waste outside of berms or other secondary containment devices to the Colorado Oil and Gas Conservation Commission and to the entity with jurisdiction over emergency response for the well site within 24 hours of the discovery of the spill. Appropriates \$10,417 cash funds from the Oil and Gas Conservation and Environmental Response Fund to the Oil and Gas Conservation Commission to support rulemaking hearings to implement the bill.

H.B. 13-1283: Reduces from \$6.6 million to \$4 million the FY 2013-14 transfer of money from the Operational Account of the Severance Tax Trust Fund to the Capital Account of the Species Conservation Trust Fund (SCTF) to fund programs submitted by the executive director of the Department of Natural Resources. Appropriates \$4,000,000 from the Species Conservation Trust Fund to the Department of Natural Resources in FY 2013-14 for programs to conserve native species that have been listed as threatened or endangered under state or federal law, or are candidate species 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

Footnotes 48 through 52 will be addressed in a separate Department briefing.

- 53 **Department of Natural Resources, Division of Parks and Wildlife, Parks and Outdoor Recreation, Special Purpose, Off-highway Vehicle Grants** -- It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2015-16, whichever comes first.
- 54 **Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Grants and Habitat Partnerships** -- It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2015-16, whichever comes first.
- 55 **Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Asset Maintenance and Repairs** -- It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2015-16, whichever comes first.

Comment: The General Assembly approved a Department request with the FY 2010-11 budget to re-organize the capital construction budgets in Parks and Wildlife and move part of the re-organized capital construction line items into the operating side of the budget. For three of the line items, the Department requested, and the General Assembly approved, footnotes stating that the specific funding stream appropriated in one fiscal year would remain available for expenditure for up to three fiscal years.

For the "Off-Highway Vehicle Grants" line item in the Parks and Outdoor Recreation budget, the General Assembly approved a footnote that authorizes three year 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.

For the "Grants and Habitat Partnerships" and "Asset Maintenance and Repairs" line items in the Wildlife budget, the General Assembly approved footnotes that authorize three year 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.

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Requests for Information

Requests for Information 2 and 3 will be addressed in a separate Department briefing.

- 1 Department of Natural Resources, Executive Director's Office, Integrated Resources Services** – The Department of Natural Resources is requested to provide a report, by November 1, 2013, 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.

FY 2012-13 Actual Projects	Description	FY 2012-13 Expenditures
N/A	No expenditures were made in FY 2012-13	\$0
Total Expenditures		\$0

FY 2013-14 Estimated Projects	Description	FY 2013-14 Estimate
N/A	No projects have been initiated in FY 2013-14. No expenditures have been made in the first four months of the fiscal year.	Unknown
Total Expenditures		Unknown

FY 2014-15 Actual Projects	Description	FY 2014-15 Request
N/A	Though the Department continues to believe that this line is important for promoting inter-division cooperation and could be useful for solving issues that span across divisions, the Department is not currently aware of any planned projects. If this line continues to be underutilized, the Department will likely explore reducing or eliminating this appropriation through a future budget action.	Unknown
Total Expenditures		Unknown

- 4 Department of Natural Resources, Division of Parks and Wildlife, Parks and Outdoor Recreation, and Wildlife** – 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 include an analysis of lottery funds and Great Outdoors Colorado Board Grants used for operations and capital projects. The report is requested to be submitted by November 1, 2013.

Comment: The Department submitted a response to the requested information on November 1, 2013. The Department provided tables summarizing Parks revenues and expenditures and Wildlife revenues and expenditures.

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COLORADO DEPARTMENT OF NATURAL RESOURCES, DIVISION OF PARKS AND WILDLIFE
RFI#4: CPW Revenue

	Commission Report FY 12-13 Actuals All Parks Funds	Commission Report FY 12-13 Actuals All Wildlife Funds
Revenues		
Licenses, Passes, Fees and Permits	19,125,550	80,203,643
Registrations	8,295,423	0
Federal and State Grants	5,161,051	27,702,084
Lottery and Great Outdoors Colorado	25,116,776	18,847,618
Sale of Goods, Services, and Assets	1,629,763	613,360
Donations	59,252	963,325
Interest Income	472,324	619,755
Other Revenues	648,607	1,439,293
General Fund and Severance Tax	4,640,982	3,173,606
Revenues Before Transfers	65,149,727	133,562,684
Intra-Agency, Inter-Fund Transfers	11,188,486	5,255,059
Total Revenues	76,338,213	138,817,743
Expenditures		
Operating		
Personal Services	26,505,508	59,499,955
Operating	14,629,187	38,527,592
Grants to Others	5,363,993	20,610,600
Payments to Other Agencies	4,764,909	8,647,310
Subtotal, Operating	51,263,597	127,285,457
Capital		
Capital Equipment	1,098,027	831,778
Capital Improvements	8,425,530	1,233,746
Capital Acquisitions	28,480	7,464,487
Subtotal, Capital	9,552,038	9,530,011
Expenditures Before Transfers	60,815,635	136,815,468
Intra-Agency, Inter-Fund Transfers	11,188,486	5,255,059
Total Expenditures	72,004,122	142,070,527
Revenues Minus Expenditures	4,334,091	(3,252,784)

COLORADO DEPARTMENT OF NATURAL RESOURCES, DIVISION OF PARKS AND WILDLIFE
RF#14: CPW Expenditures by Fund (Revenue Source)

Parks Expenditures by Fund	Parks Stored Revolving Fund-16H	Parks Cash Fund-172	Snowmobile Recreation Fund-173	River Outfitters Fund-175	Off Highway Vehicles Fund-210	Parks Rec Emergency Fund-21H	Parks ANS Fund-22F	Parks GOCO Distribution Fund-426	Parks Lottery Distribution Fund-427	Natural Resources Foundation Fund-750	Parks Capital Construction Fund-461	Parks Special Capital Construction Fund-463	Other Agency Fund-900	Total Parks
Operating														
Personal Services Operating	-	23,540,890	68,515	75,058	460,196	-	1,663,590	10,943	686,316	-	-	-	-	26,505,508
Grants to Others	256,041	10,487,306	653,383	32,969	185,050	-	274,486	12,550	2,662,837	64,564	-	-	-	14,629,187
Payments to Other Agencies	-	2,138,819	10,432	-	2,966,336	-	-	224,851	22,465	1,089	-	-	-	5,363,993
	-	4,762,909	2,000	-	-	-	-	-	-	-	-	-	-	4,764,909
Subtotal, Operating	256,041	40,929,923	734,330	108,027	3,611,583	-	1,938,077	248,344	3,371,618	65,653	-	-	-	51,263,597
Capital														
Capital Equipment	-	421,929	56,745	-	54,808	-	7,050	-	557,495	-	-	-	-	1,098,027
Capital Improvements	-	7,956,701	-	-	-	-	2,000	121,082	345,747	-	-	-	-	8,425,530
Capital Acquisitions	-	20,230	-	-	-	-	-	8,250	-	-	-	-	-	28,480
Subtotal, Capital	-	8,398,861	56,745	-	54,808	-	9,050	129,332	903,242	-	-	-	-	9,552,038
Expenditures Before Transfers	256,041	49,328,784	791,075	108,027	3,666,391	-	1,947,127	377,676	4,274,860	65,653	-	-	-	60,815,635
Intra-Agency, Inter-Fund Transfers	125,686	2,709,019	122,690	4,200	7,437	-	29,748	5,942,319	2,247,388	-	-	-	-	11,188,486
Total Expenditures	381,727	52,037,803	913,765	112,227	3,673,828	-	1,976,874	6,319,995	6,522,248	65,653	-	-	-	72,004,122

Wildlife Expenditures by Fund	Wildlife Species Conservation Operating Fund-12G	Wildlife Species Conservation Capital Fund-12H	Wildlife Cash Fund-410	Wildlife Nongame Check Off Fund-411	Wildlife Van Revolving Fund-412	Wildlife Federal Aid Properties Income Fund-413	Wildlife Colorado Outdoors Revolving Fund-418	Wildlife Search & Rescue Fund-420	Wildlife Rocky Mountain Sheep & Goat License Fund-421	Wildlife Waterfowl Stamp Fund-422	Wildlife Habitat Partnership Cash Fund-423	Wildlife Aquatic Nuisance Species Fund-425	Wildlife Management Public Education Fund-428	Wildlife Outdoors Colorado Foundation Fund-433	Wildlife Natural Resources Foundation Fund-750	Wildlife for Future Generations Trust Fund-761	Wildlife ARRA Funds - ARQ	Total Wildlife
Operating																		
Personal Services Operating	530,711	-	57,007,610	-	-	-	225,428	-	75,609	-	104,506	1,410,335	-	-	36,410	-	-	59,499,955
Grants to Others	814,898	-	33,649,326	-	-	-	142,573	-	648,486	55,137	1,249,880	757,215	740,904	209,605	228,625	-	-	38,527,592
Payments to Other Agencies	679,224	-	11,458,642	-	-	-	-	-	10,858	114,810	353,145	-	-	7,363,072	607,391	-	-	20,610,600
Subtotal, Operating	2,024,833	-	110,762,888	-	-	-	368,001	-	734,952	169,947	1,707,530	2,167,551	740,904	7,682,023	872,427	-	-	127,285,456
Capital																		
Capital Equipment	-	-	831,778	-	-	-	-	-	-	-	-	-	-	-	-	-	-	831,778
Capital Improvements	-	-	1,233,746	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,233,746
Capital Acquisitions	-	-	2,078,746	-	-	-	-	-	-	-	-	-	-	5,385,741	-	-	-	7,464,487
Subtotal, Capital	-	-	4,144,270	-	-	-	-	-	-	-	-	-	-	5,385,741	-	-	-	9,530,011
Expenditures Before Transfers	2,024,833	-	114,907,158	-	-	-	368,001	-	734,952	169,947	1,707,530	2,167,551	740,904	13,067,764	872,427	-	-	136,815,468
Intra-Agency, Inter-Fund Transfers	-	-	4,712,309	400,000	-	-	142,750	-	-	-	-	-	-	-	-	-	-	5,255,059
Total Expenditures	2,024,833	-	119,619,467	400,000	-	-	510,751	-	734,952	169,947	1,707,530	2,167,551	740,904	13,067,764	872,427	-	-	142,070,527

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Natural Resources indirect cost assessment methodology is calculated based on two components: an “*Indirect Cost Pool*” and an “*Indirect Cost Base*”.

The *Indirect Cost Pool* is comprised of approved Executive Director’s Office (EDO) and other overhead FY 2012-13 actual costs, including statewide indirect costs, used to provide support to the entire department. The *Indirect Cost Base* is comprised of FY 2012-13 actual personal services costs by division. **Table 1** outlines which line items are included in the Department’s Indirect Cost Pool. Of the Total Indirect Cost Pool, the Department subtracts \$1,205,603 of non-recoverable indirect costs. This amount is associated with General Fund personal services costs not assessed in the Water Resources Division (the majority of personal services costs in the Water Resources Division are General Fund costs).

Table 1		
Department of Natural Resources Indirect Cost Pool		
Division	Line Item	FY 2012-13 Actual
Executive Director's Office		
	Personal Services	\$3,971,544
	Operating Expenses	177,682
	Workers Compensation	8,348
	COFRS Modernization	68,112
	Legal Services	8,938
	Purchase of Services from Computer Center	1,042,475
	Multiuse Network Payments	313,778
	Management and Administration of OIT	62,038
	Payment to Risk Management and Property Funds	15,872
	Information Technology Asset Maintenance	16,588
	Capitol Complex Leased Space	169,701
	Audit Charges	163,558
	Equipment Use	128,070
	Statewide Indirect Cost Share	1,786,898
	Total Indirect Cost Pool	\$7,933,602
	General Fund Personal Services (non-recoverable costs)	(1,205,603)
	Total Recoverable Indirect Cost Pool	\$6,727,999

The Department uses FY 2012-13 actual eligible personal services costs from cash funds and federal funds sources to calculate the *Indirect Cost Base*, which is used in determining the proportional allocation of the recoverable *Indirect Cost Pool* to divisions. **Table 2** summarizes the Department’s Indirect Cost Base.

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Table 2	
Department of Natural Resources Indirect Cost Base	
Division	FY 2012-13 Actual (CF, FF)
Division of Reclamation, Mining, and Safety	\$7,882,467
Colorado Avalanche Information Center	392,554
Oil and Gas Conservation Commission	6,949,804
State Board of Land Commissioners	3,672,053
Division of Parks and Wildlife - Parks	26,724,808
Division of Parks and Wildlife - Wildlife	60,290,426
Colorado Water Conservation Board	7,452,133
Water Resources Division	859,931
Total Indirect Cost Base	\$114,224,176

FY 2013-14 Indirect Cost Assessment Request

For FY 2013-14 the Department has requested \$6,727,999 for indirect cost assessments. *Table 3* shows the FY 2014-15 Department indirect cost assessment based on the November 1 request for each division.

Table 3			
Indirect Cost Assessment Request			
Division	Total	CF	FF
Division of Reclamation, Mining, and Safety	\$461,775	\$185,900	\$275,876
Colorado Avalanche Information Center	11,840	11,334	506
Oil and Gas Conservation Commission	410,260	405,234	5,026
State Board of Land Commissioners	216,768	216,768	0
Division of Parks and Wildlife - Parks	1,577,617	1,532,775	44,843
Division of Parks and Wildlife - Wildlife	3,559,061	2,883,803	675,258
Colorado Water Conservation Board	439,914	408,801	31,113
Water Resources Division	50,763	45,966	4,797
Total FY 2014-15 Request	\$6,727,999	\$5,690,580	\$1,037,419
FY 2013-14 Indirect Cost Assessment	\$7,481,252	\$6,545,835	\$935,417
Difference (FY 15 - FY 14)	(\$753,253)	(\$855,255)	\$102,002

Appendix E: Change Requests' Relationship to Measures

This appendix will show how the Department of Natural Resources indicates each change request ranks in relation to the Department's priorities and what measures the Department is using to gauge success of the request.

Change Requests' Relationship to Measures			
R	Change Request Description	Goals / Objectives	Measures
R1	New personnel	Maximize beneficial/optimal use of water Water delivered correctly to entitled users Full compact compliance	10 measures are provided in the performance plan.
R4	Division of parks and wildlife line item reorganization	Goals/Objectives not provided.	Measures not provided.
R5	New well rules vehicles and equipment	Maximize beneficial/optimal use of water Water delivered correctly to entitled users Full compact compliance	10 measures are provided in the performance plan.
R6	Adjustments to leased space	Goals/Objectives not provided.	Measures not provided.
NP	Non-prioritized request changes	Goals/Objectives not provided.	Measures not provided.