

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF FIGURE SETTING
DEPARTMENT OF NATURAL RESOURCES**

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

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How to Use this Document

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

Department Overview

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

- The **Executive Director's Office** (EDO) develops department-wide policies and provides administrative and technical support for Department divisions including budgeting, accounting, financial management, and human resources services. Pursuant to H.B. 13-1057, the **Colorado Avalanche Information Center** is included as a special program within this division.¹
- The **Division of Reclamation, Mining, and Safety** (DRMS) regulates development and reclamation at active mining sites, reclaims abandoned mine sites, and provides safety training for mine operators and employees.
- The **Oil and Gas Conservation Commission** (OGCC) promotes the exploration, development, and conservation of Colorado's oil and natural gas resources by issuing permits, conducting inspections, pursuing enforcement actions, and engaging in public outreach efforts.
- The **State Board of Land Commissioners** (State Land Board) manages agricultural, commercial, mineral, and other leases on state-owned lands to generate reasonable and consistent revenue for public schools and other trust beneficiaries over time.
- The **Division of Parks and Wildlife** (CPW) provides recreational opportunities at 42 state parks, manages 960 game and non-game wildlife species, issues hunting and fishing licenses, enforces wildlife regulations, and oversees more than 295 state wildlife areas.
- The **Colorado Water Conservation Board** (CWCB) works to conserve, develop, and protect the state's water resources to ensure adequate water supply, maximize beneficial use, and reduce the impact of flooding and drought.
- The **Water Resources Division** (DWR), also known as the 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.

¹Pursuant to H.B. 12-1355, the Colorado Geological Survey was transferred out of the Department of Natural Resources to the Colorado School of Mines, effective January 31, 2013.

SUMMARY OF STAFF RECOMMENDATIONS

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$250,860,028	\$27,479,559	\$185,537,624	\$8,701,045	\$29,141,800	1,462.1
Other legislation	<u>13,059,199</u>	<u>191,959</u>	<u>12,867,240</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$263,919,227	\$27,671,518	\$198,404,864	\$8,701,045	\$29,141,800	1,462.6
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$263,919,227	\$27,671,518	\$198,404,864	\$8,701,045	\$29,141,800	1,462.6
R1 SLB ATLAS licenses	0	0	0	0	0	0.0
R2 CPW digital radio replacement	1,024,000	0	1,024,000	0	0	0.0
R3 SLB Asset Manager FTE	63,864	0	63,864	0	0	1.0
R4 CPW FTE transfer	0	0	0	0	0	0.0
Non-prioritized requests	442,911	45,769	388,530	(2,883)	11,495	0.0
JBC staff initiated line item adjustments	(1,238,641)	0	(467,054)	(321,587)	(450,000)	0.0
JBC staff initiated OGCC fund source adjustment	(250,000)	0	(250,000)	0	0	0.0
JBC staff initiated line item name change	0	0	0	0	0	0.0
JBC staff initiated CWCB footnotes	0	0	0	0	0	0.0
Centrally appropriated line items	2,786,587	1,882,101	4,085,493	(1,129,860)	(2,051,147)	0.0
Annualize prior year legislation	(10,500,703)	(4,703)	(10,496,000)	0	0	0.0
Indirect cost assessments	(415,675)	(719,232)	(426,319)	719,232	10,644	0.0
Annualize prior year budget actions	(311,679)	(27,832)	(262,023)	(10,279)	(11,545)	0.1
Other requested changes	<u>(250,000)</u>	<u>0</u>	<u>0</u>	<u>(250,000)</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$255,269,891	\$28,847,621	\$192,065,355	\$7,705,668	\$26,651,247	1,462.7
Increase/(Decrease)	(\$8,649,336)	\$1,176,103	(\$6,339,509)	(\$995,377)	(\$2,490,553)	0.1
Percentage Change	(3.3%)	4.3%	(3.2%)	(11.4%)	(8.5%)	0.0%
FY 2016-17 Executive Request						
Request Above/(Below) Recommendation	\$1,715,540	\$14,542	\$931,155	\$319,588	\$450,255	(0.0)

Description of Incremental Changes

R1 State Land Board (SLB) ATLAS licenses: The recommendation includes a net-zero transfer of \$90,000 cash funds from the Executive Director's Office to the State Land Board. This funding, formerly used for IT support from the Governor's Office of Information Technology, will cover ongoing licensing costs for the State Land Board's newly-implemented asset management system, ATLAS (Automated Trust Land Asset System).

R2 Parks and Wildlife (CPW) digital radio replacement: The recommendation includes an increase of \$1,024,000 cash funds to replace obsolete radios currently used by CPW staff and volunteers. Of this amount, \$341,000 is from the Parks and Outdoor Recreation Cash Fund for radios used by State Parks personnel and \$683,000 is from the Wildlife Cash Fund for radios used by Wildlife personnel. This appropriation will be required each year for four years starting in FY 2016-17.

R3 State Land Board (SLB) Asset Manager FTE: The recommendation includes an increase of \$63,864 cash funds and 1.0 FTE add an Asset Manager on the West Slope to help inspect, monitor, and improve State Land Board assets in western Colorado.

R4 Parks and Wildlife (CPW) FTE transfer: The recommendation includes a net-zero transfer of 3.0 FTE from the CPW – Wildlife Operations line item to the Habitat Partnership Program to replace the independent contractors currently administering the program with permanent staff. These FTE are unfunded in the Wildlife Operations line item and will be supported by the continuously-appropriated Habitat Partnership Cash Fund going forward.

Non-prioritized requests: The recommendation reflects Committee-approved common policy on non-prioritized requests from the Department of Personnel (fleet vehicle replacements and workers' compensation adjustments), and the requested amount for pending items from the Governor's Office of Information Technology (Secure Colorado and the purchase of the End User Configuration Management Tool).

JBC staff initiated line item adjustments: The recommendation includes a decrease of \$1,238,641 total funds for FY 2016-17 to more accurately align appropriations with expenditures for six line items in the Department budget.

JBC staff initiated OGCC fund source adjustment: The recommendation increases the cash funds appropriation to the OGCC from Tier I of the Severance Tax Operational Fund by \$2,978,717 in FY 2016-17 and decreases the total appropriation from the Response Fund by \$3,228,717, comprised of a decrease of \$2,978,717 cash funds in the Program Costs line item and a decrease of \$250,000 cash funds in the Emergency Response line item.

JBC staff initiated line item name change: The recommendation includes an adjustment to the name of the "Plugging and Reclaiming Abandoned Wells" line item in the OGCC, changing it to "Plugging and Reclaiming *Orphaned* Wells" starting in FY 2016-17. This is a budget-neutral change to more accurately identify the type of oil and gas wells or sites that can be addressed with funding from this line item.

JBC staff initiated CWCB footnotes: The recommendation includes the addition of two footnotes authorizing roll-forward spending authority for two CWCB grant programs through the end of FY 2017-18: the Invasive Phreatophyte Grant Program (H.B. 15-1006) and the Emergency Dewatering Grant Program (H.B. 15-1178).

Centrally appropriated line items: The recommendation includes adjustments to centrally appropriated line items in accordance with Committee-approved common policy for the

following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; merit pay; shift differential; workers' compensation; legal services; payment to risk management and property funds; vehicle lease payments; leased space; Capitol complex leased space; and CORE operations. *Please note the staff recommendation for payments to OIT is pending Committee action. The total shown in the table includes the requested amount for that line item.*

Annualize prior year legislation: The recommendation includes adjustments related to prior-year legislation. The primary changes are a decrease of \$5,000,000 cash funds for the 2015 Species Conservation Trust Fund Projects Bill (H.B. 15-1277), and a decrease of \$5,580,000 cash funds for the 2015 CWCB Construction Fund Projects Bill (S.B. 15-253).

Indirect cost assessments: The recommendation includes a net decrease in the Department's indirect cost assessments.

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

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

Major Differences from the Request

Total Request: The Department of Natural Resources requests an appropriation of \$257.0 million total funds, including \$28.9 million General Fund, and 1,462.7 FTE for FY 2016-17.

Total Recommendation: Staff recommends an appropriation of \$255.2 million total funds, including \$28.8 million General Fund, and 1,462.7 FTE.

The primary differences between the request and the recommendation are:

1. the JBC staff initiated fund source adjustments for the Oil and Gas Conservation Commission (i.e. refinancing \$3.0 million cash funds from the Oil and Gas Environmental Response Fund with \$3.0 million cash funds from Tier I of the Severance Tax Operational Fund and reducing the emergency response appropriation by \$250,000 cash funds);
2. a decrease of \$1.2 million total funds for JBC staff initiated line item adjustments to more accurately align appropriations with expenditures in FY 2016-17;
3. the staff recommendation on Department request R3 – State Land Board Asset Manager FTE, which reflects JBC common policy on first-year appropriations for new FTE; and
4. adjustments to centrally appropriated line items in accordance with Committee action on operating common policies.

Decision Items Affecting Multiple Divisions

➔ R1 State Land Board (SLB) ATLAS licenses

Request: The Department requests a net-zero transfer of \$90,000 cash funds from the Payments to OIT line item in the Executive Director's Office to the State Land Board – Program Costs line item for FY 2016-17. This transfer reallocates funding formerly used for IT support from the Governor's Office of Information Technology (OIT), and uses it to cover ongoing licensing costs for the State Land Board's new asset management system, ATLAS (Automated Trust Land Asset System).

Recommendation: Staff recommends approving the Department request. The State Land Board is tasked with generating reasonable and consistent income for trust beneficiaries over time and an efficient, up-to-date asset management system is essential for successful agency outcomes. In transitioning to ATLAS, the State Land Board eliminated the need for outside support from OIT, but now requires licenses to maintain access to the new system, essentially substituting one expense for the other. If the State Land Board cannot reallocate funding accordingly, the financial investment in developing ATLAS and the benefits realized from the improvements over the old system will be lost.

Analysis: In FY 2012-13, the General Assembly approved an appropriation of \$1.5 million cash funds for the State Land Board (SLB) to develop and implement a new system to help manage land and mineral assets more efficiently. The old asset management system was outdated, complex, and required significant computer programming expertise and full-time support from OIT to update and maintain. Additionally, data had to be entered manually across multiple un-linked databases which was inefficient for SLB staff and did not allow easy access to information required to analyze assets.

The new system, ATLAS, is cloud-based and has the capacity to integrate data from multiple databases, including GIS. This allows the SLB to track leases and other information in detail for each parcel. The SLB uses the reporting capabilities of ATLAS to improve stewardship of trust assets and conduct analyses to identify additional leasing opportunities. For example, ATLAS allows SLB staff to evaluate whether multiple leases of different kinds can be "stacked" on a single property, expanding the revenue potential of individual parcels of state trust lands. Now that the new system is fully functional, the State Land Board has doubled the number of assets tracked digitally and can track leases in real time. At present, there are 9,000 leases, 5,000 customers, and 37,000 assets in the system. ATLAS also connects to CORE for accounting and revenue distribution purposes and will have the capability to allow customers to submit applications and make payments online within the year.

From a system administration perspective, ATLAS constitutes a significant improvement. SLB staff can access ATLAS from anywhere via the internet and data is protected with encryption and backup systems. Upgrades occur automatically and it has been customized to meet the State Land Board's needs to the degree that outside support from OIT is no longer necessary. This request reduces the cash funds appropriation for Payments to OIT accordingly. However, State Land Board employees now require a license to access ATLAS at a cost of \$2,000 per license

per year, which the Department proposes to pay for using the funding formerly required for OIT support. Without these licenses, State Land Board staff would not be able to use ATLAS and the benefits of the upgraded system would be lost.

Overall, the State Land board anticipates that ATLAS will continue to increase efficiency, stewardship, and trust revenue going forward. This will be particularly important over the next three years as forecasts for the Public School Trust show a steep decline in revenue resulting from decreases in royalties, rentals, and bonus payments from oil and gas development. School Trust revenue is projected to be \$64.0 million in FY 2017-18, more than 65 percent less than in FY 2014-15. Developing new opportunities and increasing revenue from diversified sources (i.e. agricultural, recreational, commercial, and other leases) will be central to achieving the State Land Board's mission. The ongoing use of ATLAS will facilitate that process and staff recommends approving the Department request.

➔ R3 State Land Board (SLB) Asset Manager FTE

Request: The Department requests an increase of \$87,515 cash funds and 1.0 FTE to add an Asset Manager on the West Slope to help inspect, monitor, and improve State Land Board assets in western Colorado. This position would assume some of the workload of the District Managers in that region (e.g. performing inspections, facilitating lease renewals and modifications, and overseeing land improvement projects) to allow them time to pursue opportunities to increase revenue from state trust lands.

Recommendation: Staff recommends approving the Department request with some modifications to reflect Committee policy on first-year appropriations for new FTE. Specifically, the recommendation:

1. funds the requested position at the range minimum salary for a General Professional III (a reduction of \$10,366 from the request);
2. does not include centrally appropriated amounts associated with the new FTE in the first year (a reduction of \$12,955 from the requested amount); and
3. provides the common policy amount for a one-time expenditure for a computer (a reduction of \$330 from the request).

The following table compares the Department's request and staff recommendation for FY 2016-17 and shows the anticipated impact in FY 2017-18:

Request R3 – State Land Board Asset Manager (1.0 FTE)			
	FY 2016-17 Request	FY 2016-17 Staff Rec.	FY 2017-18 Impact
Personal Services Costs			
Salary/Personal Services	\$56,676	\$47,388	\$47,388
PERA (10.15%)	5,753	4,810	4,810
Medicare (1.45%)	822	687	687
AED (4.8%)*	2,494	0	2,275

Request R3 – State Land Board Asset Manager (1.0 FTE)			
	FY 2016-17 Request	FY 2016-17 Staff Rec.	FY 2017-18 Impact
SAED (4.75%)*	2,409	0	2,251
STD (0.022%)*	125	0	104
Estimated HLD*	<u>7,927</u>	<u>0</u>	<u>11,088</u>
Subtotal, Personal Services	\$76,206	\$52,885	\$68,603
Operating Expenses			
Supplies	\$500	\$500	\$500
Computer	1,230	900	0
Office Suite Software	330	330	0
Office Equipment	3,473	3,473	0
Telephone	450	450	450
ATLAS License	2,000	2,000	2,000
Vehicle	1,932	1,932	5,796
Mileage	794	794	794
Leased Space	<u>600</u>	<u>600</u>	<u>600</u>
Subtotal, Operating Expenses	\$11,309	\$10,979	\$10,140
Total, Request R3	\$87,515	\$63,864	\$78,743

State Land Board Regional Operations

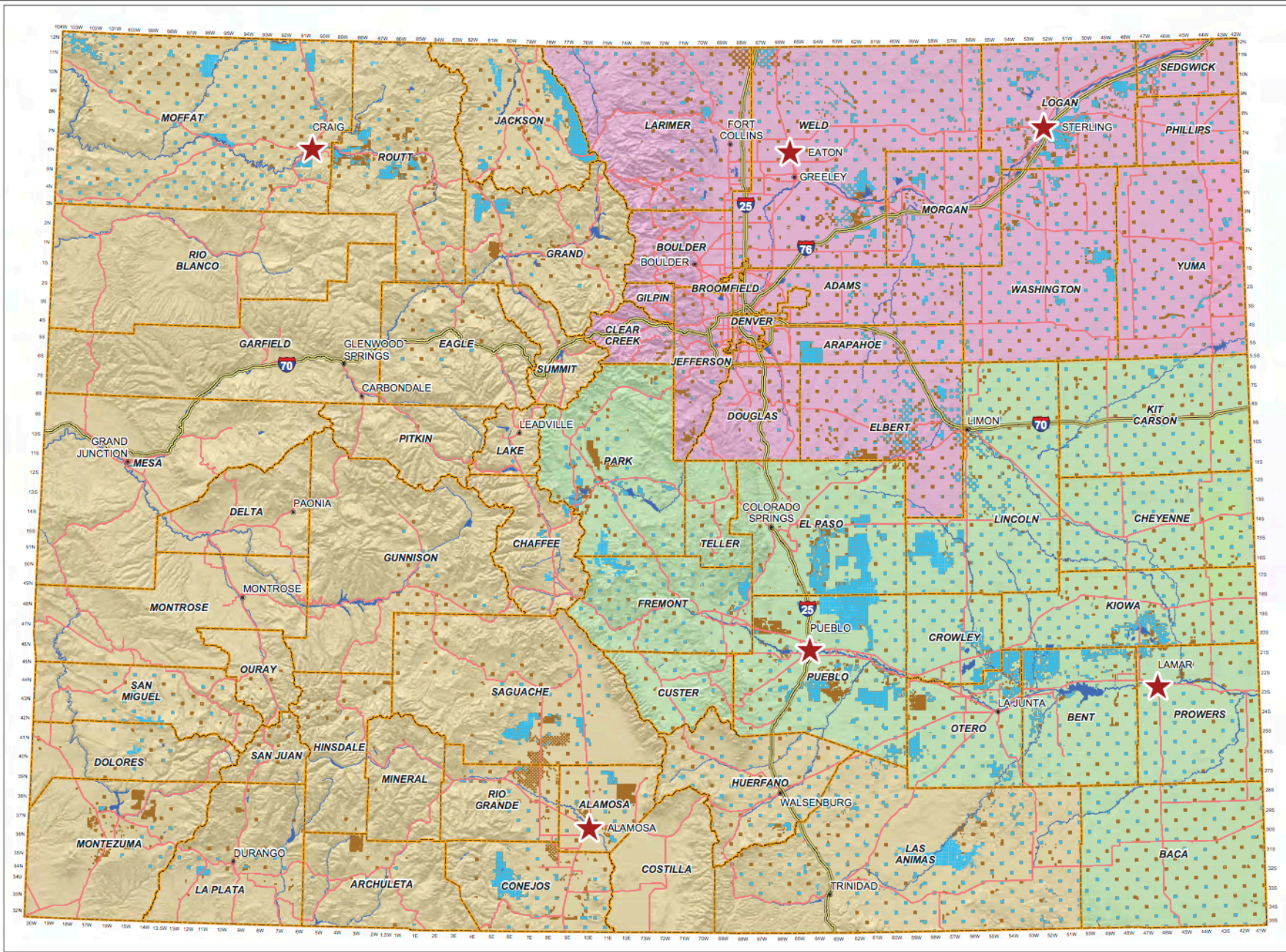
The map on the following page demarcates the three regions of State Land Board operations in the state of Colorado and includes the location of each of the six field offices that serve as the base of operations for District Managers in each region (stars). The northern (red) and southern (green) regions cover most of the eastern part of the state where almost 70 percent of State Land Board assets (blue and brown points) are located. Comparatively speaking, while just over 30 percent of State Land Board assets are located in the western region (tan), it covers the largest geographical area and includes more than 800,000 acres of trust lands and 2,500 leases spread across 31 counties. Although there are some mineral leases on the West Slope (i.e. oil, gas, and coal), the region also supports leases for other types of activities including agriculture, grazing, and recreation.

State Land Board Regional Field Staff

The Department implemented a new staffing structure—two District Managers and one Asset Manager—in the northern and southern regions of the state starting in 2013. This was accomplished through the reallocation of 2.0 FTE identified during a LEAN analysis and made available through the subsequent reorganization of agency operations. In these regions, Asset Managers serve as "boots on the ground" and are generally responsible for ongoing day-to-day field work associated with existing assets, including: inspecting leases, monitoring land use, and overseeing land improvement projects. District Managers are primarily responsible for identifying opportunities to increase revenue from existing properties and pursuing potential acquisitions to secure new sources revenue.

State Land Board Regional Operations

- Region**
- North Region
 - South Region
 - West Region
 - Field Office
 - County boundary
 - SLB Surface Ownership
 - SLB Mineral Estate only



FY 2016-17 Request for a West Slope Asset Manager (1.0 FTE)

The State Land Board did not have an additional FTE to allocate to an Asset Manager for the western region at the time the others were added in the northern and southern regions. As a result, West Slope District Managers are responsible for workload that would be covered by Asset Managers in the other regions, and must allocate their time to inspections and ongoing workload instead of engaging in efforts to add value to the State Land Board's portfolio of assets. This arrangement ultimately translates into forgone revenue for trust beneficiaries. As such, the Department request includes funding for the addition of an Asset Manager (1.0 FTE) to assist District Managers in the State Land Board's western region starting in FY 2016-17. Based on improvements observed following the addition of the two existing Asset Managers, the State Land Board anticipates a West Slope Asset Manager will provide two primary benefits:

(1) Improved Monitoring and Stewardship of Trust Assets

Due to the size of the geographic area and significant travel time required to conduct field operations in the western region, the two West Slope District Managers are currently unable to inspect leases on a frequent or even regular basis. This is problematic because the SLB identifies lease violations or illegal use of trust lands in approximately 10 percent of inspections and makes recommendations for improved lease management in another 30 percent of inspections. Common problems identified during inspection include things like subleasing without approval, dumping, overgrazing, and weed infestations, all of which negatively impact the value of leased properties and reduce the rate future lessees will be willing to pay.

The State Land Board's target inspection rate for agricultural and non-agricultural leases is once every five years. This includes one inspection 12 to 15 months prior to lease expiration and one other inspection during the 10 year lease term.

- Mid-term Inspections: Conducting an inspection in the middle of a lease term is important, particularly for agricultural and grazing leases, because it ensures good stewardship of State Land Board assets. Problems identified in the middle of a lease can be addressed to prevent further damage or degradation to properties and protect the long-term value of the parcel. Conversely, poor stewardship left unchecked for five to ten years hurts the overall productivity of the property and the State Land Board's ability to lease it in the future
- Final Inspections: Ideally, State Land Board staff would conduct a final inspection approximately 15 months prior to the expiration date of a lease. First, it is important to ensure properties and assets are in good condition upon the expiration of the lease. A 15-month window crosses two grazing seasons and allows enough time to address any identified problems. This facilitates the competitive bidding process to maximize the revenue from contract renewals or new leases. Second, lessees have the right to cure under State Land Board leasing contracts. If an inspection identifies a problem that needs to be fixed, but is conducted too close to the expiration of a lease, the State Land Board may end up having to extend the old lease to allow time for the issue to be resolved instead of renewing it or starting a new lease.

Right now, the District Managers in the western region are having difficulty conducting final inspections at the 12 month minimum prior to lease expiration instead of at the preferred 15-month mark, and there is a backlog of 20 parcels that have not been inspected by the one-year mark prior to their expiration. West Slope District Managers are not conducting any mid-term inspections on agricultural leases and only very rarely for non-agricultural leases. The addition of Asset Managers in the northern and southern regions has eliminated similar inspection backlogs, with inspections now occurring in a more timely fashion. With the requested Asset Manager, the State Land Board expects to increase the inspection rate for all lease types on the West Slope to twice over the course of a 10-year lease to improve overall stewardship of trust lands and reduce illegal use.

(2) Diversification of West Slope Assets and Increased Trust Revenues

The State Land Board has found that the addition of Asset Managers in the northern and southern regions have allowed District Managers to spend more time on projects and activities that add diversity and value to trust portfolios, including issuing RFPs (requests for proposals) to increase revenue from large properties, evaluating potential revenue opportunities, and pursuing accretive acquisitions and disposals. However, without the assistance of an Asset Manager, District Managers in the western region have not been able to devote time to these pursuits.

- Diversification of Assets: Non-mineral leases on the West Slope are, and will continue to be, an important source of recurring revenue for the State Land Board. However, assets in the western region are not especially diverse from a geographical perspective. Referring back to the map on page 9, SLB assets in the Western region are almost exclusively located either in the northern tier of counties or near the southern border. With the addition of the Asset Manager, the State Land Board intends to identify and pursue more leasing opportunities in the central part of the western region to diversify the geographical distribution of assets on the West Slope. Additionally, while there is already a variety of recurring revenue generated by leases on the West Slope, the State Land Board also plans to develop new commercial leasing opportunities in and around population centers in the western region.
- Maximizing Revenue from Existing Assets: All of the efforts described above, i.e. stewardship and diversification, help increase the value of the State Land Board portfolio and ultimately contribute to growth in trust revenues. However, it is important for the State Land Board to ensure that it does not overlook possible opportunities to utilize existing assets. A key example of this on the West Slope is water rights associated with State Land Board parcels that were never properly perfected and/or lost due to lack of use. District Managers in the northern and southern regions have been able to acquire water rights and complete water storage leases that added more than \$600,000 in new revenues, which the State Land Board attributes to the addition of Asset Managers. With the assistance of the new Asset Manager, District Managers will be able to evaluate the status of current water rights on West Slope parcels, as well as other potential revenue opportunities, that may not be used to their full advantage.

- Pursuing New Revenue and Leasing Opportunities: The State Land Board has indicated that the addition of Asset Managers in the northern and southern regions has allowed District Managers to allocate time to identifying and pursuing new opportunities to increase trust revenue. This has included things like acquiring adjacent land to an existing State Land Board property to allow public access, adding new revenue from agricultural leases and making the property available for recreational and renewable energy leases in the future. District Managers have also been able to conduct RFP processes to secure new leases at better rates. The State Land Board anticipates similar results on the West Slope with the assistance of the requested Asset Manager.

Conclusions and Staff Recommendation

Record-breaking trust revenues in recent years have been driven primarily by oil and gas development (i.e. bonus payments, royalties, rentals). This income is non-recurring and heavily dependent on market conditions that drive price and production. Conversely, revenue derived from agricultural, recreational, commercial, and other types of leases is recurring, but has accounted for a relatively small percentage of total trust revenue in recent years (e.g. 12.5 percent in FY 2014-15). Due to the anticipated decline in non-recurring mineral revenues over the next several years, it will become increasingly important for the State Land Board to cultivate a diverse portfolio of assets, maximize revenue from existing leases, and develop and pursue new leasing opportunities.

Overall, the evidence suggests that the addition of Asset Managers in the northern and southern regions has directly resulted in improved stewardship of State Land Board assets and allowed District Managers to secure higher lease rates and new acquisitions that have increased trust revenues in amounts many times more than the cost of the FTE. Given the relative size of the State Land Board's western region and the current limitations of the West Slope District Managers, staff recommends approving the Department request with modifications to reflect Committee common policy on first-year appropriations for new FTE. The State Land Board indicated that the addition of the West Slope Asset Manager was the last thing required to fully implement the results of the LEAN process mentioned earlier, so staff does not anticipate any additional requests for personnel in the near future.

➔ JBC staff initiated line item adjustments

Request: This is a JBC staff initiated change and was not requested by the Department.

Recommendation: Staff recommends a decrease of \$1,238,641 total funds for FY 2016-17 to more accurately align appropriations with expenditures for six line items in the Department budget.

Analysis: The following table summarizes the specific recommendations for each line item. Staff compared data on prior-year expenditures for FY 2013-14 and FY 2014-15 to the requested appropriation for FY 2016-17. Please note the staff recommendation does not include any changes to General Fund appropriations for FY 2016-17. Line item detail can be found on the pages listed in the far right column.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Summary of FY 2016-17 JBC Staff Initiated Line Item Adjustments							
Division*	Sub-Division	Line Item	TF	CF	RF	FF	Page
DRMS	Inactive Mines	Legacy Mine Hydrology Projects	(30,000)	0	(30,000)	0	30
CPW	Special Purpose	Information Technology	(222,672)	(222,672)	0	0	64
CPW	Special Purpose	Natural Resource Protection**	(600,000)	(150,000)	0	(450,000)	65
CPW	Special Purpose	Instream Flow Program**	(296,027)	(296,027)	0	0	67
CWCB	Administration	Personal Services	0	291,587	(291,587)	0	73
CWCB	Special Purpose	S.B. 02-87 Colorado Watershed Protection Fund	<u>(89,942)</u>	<u>(89,942)</u>	<u>0</u>	<u>0</u>	78
Total			(\$1,238,641)	(\$467,054)	(\$321,587)	(\$450,000)	

* DRMS – Division of Reclamation, Mining, & Safety, CPW – Division of Parks and Wildlife, CWCB – Colorado Water Conservation Board.

** The staff recommendation eliminates these line items from the budget because they are no longer required. The Department confirmed that no expenditures will need to be made from these line items going forward.

➔ Other requested changes

Request: The Department request includes a decrease of \$250,000 reappropriated funds and 1.0 FTE for the following technical adjustments: (1) the elimination of the Integrated Resources services line item in the Executive Director's Office; and (2) the elimination of an unfunded vacancy (1.0 FTE) in the Division of Reclamation, Mining, and Safety's Coal Land Reclamation Program.

Recommendation: Staff recommends approving the technical adjustments included as part of the Department's request. Staff further recommends the request for information (RFI) associated with the Integrated Resources Services line item be discontinued.

Analysis: The Integrated Resources Services (IRS) line item was added to the Long Bill at the Department's request starting in FY 2012-13. The original intent of the appropriation was to facilitate collaboration and joint projects between divisions within the Department. Specifically, the line item was created to provide spending authority for agencies to pay and an accept payment for the provision of services or technical expertise. To date there have not been any expenditures out of the IRS line item and the Department decided not to request spending authority it is not using. JBC staff concurs with this decision and recommends eliminating the IRS line item and discontinuing the associated request for information.

The Coal Land Reclamation Program in the Division of Reclamation, Mining, and Safety (DRMS) is responsible for regulating coal mining activities in Colorado and has had an appropriation of 22.0 FTE since FY 2012-13. As part of the FY 2016-17 request, however, the Department included a technical adjustment to eliminate 1.0 FTE that has been vacant and unfunded to more accurately reflect program staffing. The workload in the Coal Program is expected to remain steady and the DRMS expects to continue operating effectively at 21.0 FTE. JBC staff agrees with the change and recommends 1.0 FTE be eliminated from the DRMS Coal Land Reclamation Program Costs line item.

(1) Executive Director's Office

The Executive Director's Office is responsible for the overall administration of the Department, including budgeting, accounting, financial management, human resources services, and other general administrative services. It provides leadership and support to Department divisions and programs in order to meet strategic objectives. The Executive Director's Office is comprised of two sub-sections: (A) Administration and (B) Special Programs. Pursuant to H.B. 13-1057, the Colorado Avalanche Information Center was added as the Special Programs subdivision following the transfer of the Colorado Geological Survey to the Colorado School of Mines.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$54,440,248	\$7,131,917	\$35,866,815	\$8,154,458	\$3,287,058	52.2
Other legislation	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$59,440,248	\$7,131,917	\$40,866,815	\$8,154,458	\$3,287,058	52.2
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$59,440,248	\$7,131,917	\$40,866,815	\$8,154,458	\$3,287,058	52.2
R1 SLB ATLAS licenses	(90,000)	0	(90,000)	0	0	0.0
R3 SLB Asset Manager FTE	2,532	0	2,532	0	0	0.0
Non-prioritized requests	442,911	45,769	388,530	(2,883)	11,495	0.0
Centrally appropriated line items	2,786,587	1,882,101	4,085,493	(1,129,860)	(2,051,147)	0.0
Adjustments to indirect cost assessments	7,298	(719,232)	2,126	719,232	5,172	0.0
Annualize prior year legislation	(5,000,000)	0	(5,000,000)	0	0	0.0
Annualize prior year budget actions	(2,026,658)	(365,306)	(1,595,984)	(10,279)	(55,089)	0.0
Other requested changes	<u>(250,000)</u>	<u>0</u>	<u>0</u>	<u>(250,000)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$55,312,918	\$7,975,249	\$38,659,512	\$7,480,668	\$1,197,489	52.2
Increase/(Decrease)	(\$4,127,330)	\$843,332	(\$2,207,303)	(\$673,790)	(\$2,089,569)	0.0
Percentage Change	(6.9%)	11.8%	(5.4%)	(8.3%)	(63.6%)	0.0%
FY 2016-17 Executive Request:	\$55,529,121	\$7,989,791	\$38,862,917	\$7,478,669	\$1,197,744	52.2
Request Above/(Below) Recommendation	\$216,203	\$14,542	\$203,405	(\$1,999)	\$255	0.0

DECISION ITEMS - EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office is affected by the following items discussed in the "Decision Items Affecting Multiple Divisions" section at the beginning of this document:

- Department requests "R1 State Land Board ATLAS licenses" and "R3 State Land Board Asset Manager FTE" (see *pages 6 and 7*); and
- a technical adjustment included in the Department request, shown as "Other requested changes" in the table above (see *pages 13 and 23*).

There are also four non-prioritized requested changes in the Executive Directors Office, outlined briefly below.

Non-prioritized requests

Request: The Department requests an increase of \$516,323 total funds, including \$52,331 General Fund, for the following non-prioritized requests from the Department of Personnel and the Governor's Office of Information Technology:

- NP1 Annual fleet vehicle request;
- NP2 FY 2016-17 Secure Colorado;
- NP3 End user configuration management tool; and
- NBA1 Workers' compensation adjustment.

Recommendation: The staff recommendation on NP1 (vehicles) and NBA1 (workers' compensation) reflects Committee action on operating common policies taken February 25, 2016. The staff recommendation on NP2 and NP3 is *pending* Committee action on IT common policies. Staff requests permission to adjust the Payments to OIT line item to reflect Committee-approved common policy for these requests.

LINE ITEM DETAIL – EXECUTIVE DIRECTOR'S OFFICE

(A) Administration

The Administration subdivision includes the following units:

- The *Administration and Policy Development* unit oversees the administration of Department divisions, policy development, and program implementation.
- *Human Resources* is responsible for all duties pertaining to personnel management.
- *Accounting and Purchasing* directs, controls, and manages accounting and procurement operations and functions within the Department.
- The *Budgeting* unit formulates the Department's annual budget and administers central appropriations and allocations for all divisions.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Personal Services

The Executive Director’s Office’s provides services and leadership to Department divisions and programs in the areas of policy, accounting, human resources, purchasing, and budgeting. Funding for FY 2016-17 is from reappropriated funds collected through departmental indirect cost assessments.

Statutory Authority: Sections 24-1-105, 24-1-124, and 24-33-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$3,830,479 reappropriated funds and 41.3 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request as the appropriation for this line item has been fully expended in prior years.

Health, Life, and Dental

This line item pays for the state contribution to health insurance, life insurance, and dental insurance.

Statutory Authority: Sections 24-50-611 and 24-50-603 (9), C.R.S.

Request: The Department requests an appropriation of \$13,103,194 total funds, including \$1,978,358 General Fund, for FY 2016-17. This includes an increase of \$7,927 cash funds from the State Land Board Trust Administration Fund as part of the Department's R3 request to add a West Slope Asset Manager position to the State Land Board staff (*see page 7*).

Recommendation: Staff recommends an appropriation of \$13,095,267 total funds, including \$1,978,358 General Fund. This *excludes* funding for the Department's R3 request pursuant to Committee policy on first-year appropriations for new FTE, but *includes* an adjustment to offset an additional \$480,293 General Fund with indirect cost recoveries which differs from Committee action on compensation common policies.

Executive Director's Office, Administration, Health, Life, and Dental						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$12,872,236</u>	<u>\$1,305,891</u>	<u>\$8,583,619</u>	<u>\$1,452,359</u>	<u>\$1,530,367</u>	<u>0.0</u>
TOTAL	\$12,872,236	\$1,305,891	\$8,583,619	\$1,452,359	\$1,530,367	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$12,872,236	\$1,305,891	\$8,583,619	\$1,452,359	\$1,530,367	0.0
R3 SLB asset manager FTE	0	0	0	0	0	0.0
Centrally appropriated line items	223,031	1,152,760	1,368,893	(1,110,466)	(1,188,156)	0.0
Adjustments to indirect cost assessments	<u>0</u>	<u>(480,293)</u>	<u>0</u>	<u>480,293</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,095,267	\$1,978,358	\$9,952,512	\$822,186	\$342,211	0.0

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Administration, Health, Life, and Dental						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$223,031	\$672,467	\$1,368,893	(\$630,173)	(\$1,188,156)	0.0
Percentage Change	1.7%	51.5%	15.9%	(43.4%)	(77.6%)	n/a
FY 2016-17 Executive Request:	\$13,103,194	\$1,978,358	\$9,960,439	\$822,186	\$342,211	0.0
Request Above/(Below) Recommendation	\$7,927	\$0	\$7,927	\$0	\$0	0.0

Short-term Disability

The Short-term Disability appropriation is used to provide partial payment of an employee's salary in the event that the employee becomes disabled and cannot perform his or her work duties.

Statutory Authority: Sections 24-50-611 and 24-50-603 (13), C.R.S.

Request: The Department requests an appropriation of \$179,128 total funds, including \$28,046 General Fund, for FY 2016-17. This includes an increase of \$125 cash funds from the State Land Board Trust Administration Fund as part of the Department's R3 request to add an Asset Manager position on the West Slope (*see page 7*).

Recommendation: Staff recommends an appropriation of \$179,003 total funds, including \$28,046 General Fund, in accordance with Committee action on compensation common policies. This *excludes* funding for the Department's R3 request pursuant to Committee policy on first-year appropriations for new FTE.

S.B. 04-257 Amortization Equalization Disbursement

Beginning in January 2006, statute requires the State to contribute additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability.

Statutory Authority: Section 24-51-411, C.R.S.

Request: The Department requests an appropriation of \$5,158,698 total funds, including \$807,711 General Fund, for FY 2016-17. This includes an increase of \$2,494 cash funds from the State Land Board Trust Administration Fund as part of the Department's R3 request to add an Asset Manager position on the West Slope (*see page 7*).

Recommendation: Staff recommends an appropriation of \$5,156,204 total funds, including \$807,711 General Fund, in accordance with Committee action on compensation common policies. This *excludes* funding for the Department's R3 request pursuant to Committee policy on first-year appropriations for new FTE.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Similar to the AED line item, the Supplemental Amortization Equalization Disbursement (SAED) line item increases employees' contributions to the PERA Trust Fund to amortize the unfunded liability in the Trust Fund.

Statutory Authority: Section 24-51-411, C.R.S.

Request: The Department requests an appropriation of \$5,104,902 total funds, including \$799,297 General Fund, for FY 2016-17. This includes an increase of \$2,409 cash funds from the State Land Board Trust Administration Fund as part of the Department's R3 request to add an Asset Manager position on the West Slope (*see page 7*).

Recommendation: Staff recommends an appropriation of \$5,102,493 total funds, including \$799,297 General Fund, in accordance with Committee action on compensation common policies. This *excludes* funding for the Department's R3 request pursuant to Committee policy on first-year appropriations for new FTE.

Salary Survey

Pursuant to Section 24-50-104 (4) (c), C.R.S., the Department of Personnel's total compensation report recommends a salary adjustment each year, which is funded by this line item.

Statutory Authority: Section 24-50-104, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$50,669 total funds, including \$10,716 General Fund, for FY 2016-17. Staff recommends approving the Department request in accordance with Committee action on compensation common policies.

Merit Pay

Employee performance-based pay is centrally appropriated and funded by this line item pursuant to Section 24-50-104 (1) (c) (I), C.R.S.

Statutory Authority: Section 24-50-104 (1) (c), C.R.S.

Request and Recommendation: The Department requests an appropriation of \$0 total funds (no appropriation) for FY 2016-17. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

Shift Differential

The Shift Differential line item addresses the adjustment necessary to compensate employees for work performed outside of normal work schedules. These are second and third shift workers whose scheduled work hours fall outside of regular work hours.

Statutory Authority: Section 24-50-104 (1) (a), C.R.S.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Request and Recommendation: The Department requests an appropriation of \$41,899 cash funds for FY 2016-17. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

Workers' Compensation

This line item is used to pay the Department's share of the state's workers' compensation program administered by the Department of Personnel.

Statutory Authority: Section 24-30-1510.7, C.R.S.

Request: The Department requests an appropriation of \$1,484,610 total funds, including \$43,517 General Fund, for FY 2016-17. This includes a non-prioritized budget amendment.

Recommendation: Staff recommends an appropriation of \$1,383,287, including \$40,547 General Fund, in accordance with Committee action on operating common policies.

Executive Director's Office, Administration, Workers' Compensation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$1,482,367	\$43,452	\$1,430,876	\$7,843	\$196	0.0
TOTAL	\$1,482,367	\$43,452	\$1,430,876	\$7,843	\$196	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$1,482,367	\$43,452	\$1,430,876	\$7,843	\$196	0.0
Non-prioritized requests	0	0	0	0	0	0.0
Centrally appropriated line items	(99,080)	(2,905)	(95,637)	(524)	(14)	0.0
TOTAL	\$1,383,287	\$40,547	\$1,335,239	\$7,319	\$182	0.0
Increase/(Decrease)	(\$99,080)	(\$2,905)	\$0	\$0	\$0	0.0
Percentage Change	(6.7%)	(6.7%)	(6.7%)	(6.7%)	(7.1%)	0.0%
FY 2016-17 Executive Request:	\$1,484,610	\$43,517	\$1,433,043	\$7,854	\$196	0.0
Request Above/(Below) Recommendation	\$101,323	\$2,970	\$97,804	\$535	\$14	0.0

Operating Expenses

This line item includes both the Executive Director's Office operating costs and capital outlay. Capital outlay is typically spent on computers, furniture and other one-time purchases. A portion of this line is also annually held aside in a technology fund for IT projects that benefit all divisions within the Department. The total appropriation amount for this line changes very little from year to year. Staff notes that the majority of expenses are related to Division of Parks and Wildlife capital outlay related expenditures.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Statutory Authority: Sections 24-1-105, 24-1-124, and 24-33-101 *et seq.*, C.R.S.

Request: The Department requests a continuation-level appropriation of \$1,246,674 total funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request.

Legal Services

Many of the divisions within the Department of Natural Resources rely heavily on legal services purchased from the Department of Law (Attorney General’s Office). The following table shows actual and appropriated legal services for the Department since FY 2009-10:

Actual and Appropriated Legal Services Hours							
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16*
Appropriated LS Hours	44,890	45,410	45,410	45,410	48,792	50,972	50,972
Actual LS Hours	43,350	44,614	43,856	45,423	50,353	51,430	50,931
Actual LS Expenditures	\$3,295,151	\$3,309,452	\$3,365,661	\$3,381,991	\$4,449,075	\$4,945,944	\$4,66,000

*Estimated hours and expenditures from Department of Natural Resources based on seven months of data.

Statutory Authority: Sections 24-31-101 (1) (a) and 24-75-112 (1) (i), C.R.S.

Request: The Department requests a continuation-level appropriation of \$4,842,850 total funds, including \$1,242,161 General Fund, for 50,972 legal services hours in FY 2016-17.

Recommendation: Staff recommends an appropriation sufficient to purchase 50,972 legal services hours as requested by the Department. Staff will calculate the final amount for this line item based on Committee-approved common policy for the legal services rate and requests permission to set the appropriation accordingly.

Expenditures from this line item have been very closely aligned with appropriations in recent years. The Department spent 99.9 percent of the appropriated amount in FY 2013-14, 98.2 percent in FY 2014-15, and an estimated 96.3 percent in FY 2015-16. Given this, and the additional flexibility to pay for small one-time overages from personal services line items (Section 24-75-112 (1) (m) (II), C.R.S.), the Department and JBC staff agree that a continuation-level appropriation will be sufficient for FY 2016-17.

Payment to Risk Management and Property Funds

This line item represents an allocation appropriated to each department based on a shared statewide risk formula for two programs, the Liability Program and the Property Program. The state's liability program is used to pay liability claims and expenses brought against the state. The property program provides insurance coverage for state buildings and their contents. A portion of the Department’s property insurance payment includes “Flood Zone A” insurance. The divisional shares are calculated based on three factors: a division’s proportionate share of DNR’s total building and contents value, number of FTE (liability exposure), and Flood Zone A premiums.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Statutory Authority: Sections 24-30-1510 and 24-30-1510.5, C.R.S.

Request: The Department requests an appropriation of \$807,212 total funds, including \$81,971 General Fund, for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$778,683 total funds, including \$76,975 General Fund, in accordance with Committee action on operating common policies.

Vehicle Lease Payments

Funds provided through this line item enable the Department to lease vehicles from State Fleet Management in the Department of Personnel and Administration. Seven of the Department's eight divisions lease vehicles to perform their work. The cost of each lease is based on the purchase price of the vehicle selected and the terms of the lease agreement.

Statutory Authority: Section 24-30-1104 (2), C.R.S.

Request: The Department requests an appropriation of \$4,130,502 total funds, including \$267,282 General Fund, for FY 2016-17. This includes: (1) an increase of \$1,932 cash funds from the State Land Board Trust Administration Fund as part of the Department's R3 request to add an Asset Manager position on the West Slope (*see page 7*); and (2) a non-prioritized decision item from the Department of Personnel.

Recommendation: Staff recommends an appropriation of \$4,074,948 total funds, including \$261,282 General Fund, which reflects Committee action on operating common policies plus the JBC staff recommendation on the Department's R3 request.

Executive Director's Office, Administration, Vehicle Lease Payments						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$3,833,123</u>	<u>\$245,236</u>	<u>\$3,475,199</u>	<u>\$54,610</u>	<u>\$58,078</u>	<u>0.0</u>
TOTAL	\$3,833,123	\$245,236	\$3,475,199	\$54,610	\$58,078	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	3,833,123	245,236	3,475,199	54,610	58,078	0.0
Non-prioritized requests	239,893	16,007	224,268	(7,684)	7,302	0.0
R3 SLB asset manager FTE	<u>1,932</u>	<u>0</u>	<u>1,932</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,074,948	\$261,243	\$3,701,399	\$46,926	\$65,380	0.0
Increase/(Decrease)	\$241,825	\$16,007	\$226,200	(\$7,684)	\$7,302	0.0
Percentage Change	6.3%	6.5%	6.5%	(14.1%)	12.6%	0.0%
FY 2016-17 Executive Request:	\$4,130,502	\$267,282	\$3,748,920	\$47,276	\$67,024	0.0
Request Above/(Below) Recommendation	\$55,554	\$6,039	\$47,521	\$350	\$1,644	0.0

Information Technology Asset Maintenance

Funds provided through this line item enable the Department to maintain and replace its IT systems. This includes annual IT support and maintenance agreements with hardware and software vendors, new and replacement equipment, computer supplies, data communication charges, utilities and other related costs.

Statutory Authority: Sections 24-1-105, 24-1-124, and 24-33-101 *et seq.*, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$263,159 total funds, including \$31,628 General Fund, for FY 2016-17. Staff recommends approving the Department request as the appropriation for this line item has been fully expended in prior years.

Leased Space

The responsibilities of the Department of Natural Resources extend across the entire state, and for reasons of efficiency and proximity to specific project areas DNR’s divisions operate a number of satellite offices throughout Colorado. In many instances, divisions are statutorily required to operate offices in specific counties and/or congressional districts.

Statutory Authority: Section 24-30-1303, C.R.S.

Request: The Department requests an appropriation of \$1,396,694 total funds, including \$587,245 General Fund, for FY 2016-17. This includes an increase of \$600 cash funds from the State Land Board Trust Administration Fund as part of the Department's R3 request to add an Asset Manager position on the West Slope (*see page 7*).

Recommendation: Staff recommends approving the Department request.

Executive Director's Office, Administration, Leased Space						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$1,346,896</u>	<u>\$574,079</u>	<u>\$718,125</u>	<u>\$18,000</u>	<u>\$36,692</u>	<u>0.0</u>
TOTAL	\$1,346,896	\$574,079	\$718,125	\$18,000	\$36,692	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$1,346,896	\$574,079	\$718,125	\$18,000	\$36,692	0.0
R3 SLB asset manager FTE	600	0	600	0	0	0.0
Centrally appropriated line items	<u>49,198</u>	<u>13,166</u>	<u>46,159</u>	<u>0</u>	<u>(10,127)</u>	<u>0.0</u>
TOTAL	\$1,396,694	\$587,245	\$764,884	\$18,000	\$26,565	0.0
Increase/(Decrease)	\$49,798	\$13,166	\$46,759	\$0	(\$10,127)	0.0
Percentage Change	3.7%	2.3%	6.5%	0.0%	(27.6%)	n/a

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Administration, Leased Space						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Executive Request:	\$1,396,694	\$587,245	\$764,884	\$18,000	\$26,565	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Capitol Complex Leased Space

This line item is used to pay the Department of Personnel for the costs of maintaining state buildings that are part of the capitol complex. Capitol Complex Leased Space is appropriated based on usable square footage utilized by each state department. For the Department of Natural Resources, this includes 79,240 square feet of space at 1313 Sherman Street (Centennial Building).

Statutory Authority: Section 24-30-1104 (4), C.R.S., and Part 1 of Article 82 of Title 24, C.R.S.

Request: The Department requests an appropriation of \$1,431,578 total funds, including \$303,023 General Fund, for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$1,446,634 total funds, including \$310,443 General Fund, in accordance with Committee-approved common policy.

Integrated Resource Services

This line item was added at the Department's request in FY 2012-13 to facilitate payments for services between DNR agencies. At the time, if one division required the technical expertise of another, that assistance would have been provided within existing resources. If this was not possible, private vendors would be used and were more expensive than utilizing existing resources in other Department divisions. This line item provided spending authority in the form of reappropriated funds to support cross-division collaboration. When the Committee approved this line item, a request for information (RFI) was also included asking the Department to report on the number of projects funded through the line item and the cost of each project. According to the submitted RFIs, as well as JBC staff records, no expenditures have ever been made from this line item.

Statutory Authority: Not applicable.

Request and Recommendation: The Department requests this line item be eliminated in FY 2016-17. Staff recommends the Department request as no expenditures have been made from this line item since it was added to the Long Bill in FY 2012-13. Staff further recommends that the corresponding RFI be discontinued (*see page 12*).

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Administration, Integrated Resource Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$250,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$250,000	\$0	\$0	\$250,000	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$250,000	\$0	\$0	\$250,000	\$0	0.0
Other changes	<u>(250,000)</u>	<u>0</u>	<u>0</u>	<u>(250,000)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0			\$0		0.0
Increase/(Decrease)	(\$250,000)	\$0	\$0	(\$250,000)	\$0	0.0
Percentage Change	(100.0%)	n/a	n/a	(100.0%)	n/a	n/a
FY 2016-17 Executive Request:	\$0	\$0	\$0	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

CORE Operations

This line item funds the Department's share of the statewide accounting system (CORE) used by the State Controller to record all state revenues and expenditures.

Statutory Authority: Section 24-30-209, C.R.S.

Request: The Department requests an appropriation of \$2,664,588 total funds, including \$400,781 General Fund, for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$2,611,690 total funds, including \$392,824 General Fund, in accordance with Committee action on operating common policies.

Executive Director's Office, Administration, CORE Operations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$1,723,832</u>	<u>\$253,791</u>	<u>\$1,257,221</u>	<u>\$73,908</u>	<u>\$138,912</u>	<u>0.0</u>
TOTAL	\$1,723,832	\$253,791	\$1,257,221	\$73,908	\$138,912	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$1,723,832	\$253,791	\$1,257,221	\$73,908	\$138,912	0.0
Centrally appropriated line items	<u>887,858</u>	<u>139,033</u>	<u>763,636</u>	<u>40,487</u>	<u>(55,298)</u>	<u>0.0</u>
TOTAL	\$2,611,690	\$392,824	\$2,020,857	\$114,395	\$83,614	0.0

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Administration, CORE Operations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$887,858	\$139,033	\$763,636	\$40,487	(\$55,298)	0.0
Percentage Change	51.5%	54.8%	60.7%	54.8%	(39.8%)	0.0%
FY 2016-17 Executive Request:	\$2,664,588	\$400,781	\$2,061,788	\$116,712	\$85,307	0.0
Request Above/(Below) Recommendation	\$52,898	\$7,957	\$40,931	\$2,317	\$1,693	0.0

Payments to OIT

This line item is requested by the Governor's Office of Information Technology (OIT).

Statutory Authority: Sections 24-37.5-103, 4-37.5-506 and 24-37.5-604, C.R.S.

Request: The Department requests an appropriation of \$8,696,349 total funds, including \$1,408,055 General Fund, for FY 2016-17. This includes a decrease of \$90,000 cash funds as part of the Department's R1 request to transfer funds to the State Land Board to cover licensing costs for ATLAS (*see page 6*), as well as two non-prioritized decision items.

Recommendation: Staff recommendation is *pending* Committee action on IT common policies (request amount is shown in the following table), but includes the approval of the Department request R1. Staff requests permission to reflect Committee-approved common policy on payments to OIT in the Department's Long Bill.

Executive Director's Office, Administration, Payments to OIT						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$8,099,685</u>	<u>\$1,209,903</u>	<u>\$5,792,325</u>	<u>\$1,009,531</u>	<u>\$87,926</u>	<u>0.0</u>
TOTAL	\$8,099,685	\$1,209,903	\$5,792,325	\$1,009,531	\$87,926	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$8,099,685	\$1,209,903	\$5,792,325	\$1,009,531	\$87,926	0.0
R1 SLB ATLAS licenses	(90,000)	0	(90,000)	0	0	0.0
Non-prioritized requests	203,018	29,762	164,262	4,801	4,193	0.0
Centrally appropriated line items	483,646	407,329	112,306	(87,354)	51,365	0.0
Adjustments to indirect cost assessments	<u>0</u>	<u>(238,939)</u>	<u>0</u>	<u>238,939</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,696,349	\$1,408,055	\$5,978,893	\$1,165,917	\$143,484	0.0
Increase/(Decrease)	\$596,664	\$198,152	\$186,568	\$156,386	\$55,558	0.0
Percentage Change	7.4%	16.4%	3.2%	15.5%	63.2%	0.0%

Executive Director's Office, Administration, Payments to OIT						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Executive Request:	\$8,696,349	\$1,408,055	\$5,978,893	\$1,165,917	\$143,484	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(B) Special Programs

Colorado Avalanche Information Center Program Costs

The Colorado Avalanche Information Center (CAIC) works to minimize the economic and human impact of snow avalanches on recreation, tourism, commerce, industry, and the citizens of Colorado by providing information and education on avalanche danger. The CAIC is responsible for forecasting avalanche danger and providing education and safety training to help reduce risks to highway travelers, Colorado Department of Transportation (CDOT) staff, recreationalists, and avalanche professionals. Approximately 48.0 percent of the funding for this program comes from cash funds, including fees, donations, and appropriations from Tier I of the Severance Tax Operational Fund. About 50.0 percent of program funding comes from CDOT as reappropriated funds with a small amount of federal funding from the U.S. Forest Service accounting for the remainder.

Statutory Authority: Sections 24-1-124 (2.1) (c) and 24-33-116, C.R.S.

Request: The Department requests an appropriation of \$1,063,018 total funds and 10.9 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. In FY 2015-16 the CAIC requested and received \$185,513 in additional funding for two new forecasters, operating expenses (e.g. vehicles and leased space), and administrative support for the program. The majority of this increase was supported through reappropriated funds with a small amount of cash funds from Tier I of the Severance Tax Operational Fund. The request for FY 2016-17 is consistent with the prior year appropriation after accounting for common policy adjustments.

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the CAIC subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director’s Office.

Request and Recommendation: The Department requests an appropriation of \$32,918 total funds for FY 2016-17. This represents an increase in indirect cost recoveries collected from this subdivision. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policy decisions for FY 2016-17.

(2) Division of Reclamation, Mining, and Safety

The Division of Reclamation, Mining, and Safety (DRMS) is charged with helping to develop Colorado’s mining industry in an environmentally protective manner and ensuring that mined land is reclaimed to a beneficial use. This includes: (1) permitting, inspecting, and ensuring compliance at over 1,750 active coal and mineral prospecting and mining operations; (2) safeguarding and reclaiming abandoned and forfeited mine sites; and (3) training, testing, and certifying mine employees at both coal and non-coal mining operations in accordance with federal health and safety standards. Pursuant to Section 39-29-109.3 (1) (c), C.R.S., the General Assembly may appropriate up to 25.0 percent of the moneys in the Severance Tax Operational Fund to the Division.

Division of Reclamation, Mining, and Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$8,019,842</u>	<u>\$0</u>	<u>\$4,492,845</u>	<u>\$30,000</u>	<u>\$3,496,997</u>	<u>68.9</u>
TOTAL	\$8,019,842	\$0	\$4,492,845	\$30,000	\$3,496,997	68.9
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$8,019,842	\$0	\$4,492,845	\$30,000	\$3,496,997	68.9
JBC staff initiated line item adjustment	(30,000)	0	0	(30,000)	0	0.0
Annualize prior year budget actions	75,480	0	34,652	0	40,828	0.0
Adjustments to indirect cost assessments	(66,811)	0	(41,864)	0	(24,947)	0.0
Other requested changes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$7,998,511	\$0	\$4,485,633	\$0	\$3,512,878	67.9
Increase/(Decrease)	(\$21,331)	\$0	(\$7,212)	(\$30,000)	\$15,881	(1.0)
Percentage Change	(0.3%)	n/a	(0.2%)	(100.0%)	0.5%	(1.5%)
FY 2016-17 Executive Request:	\$8,028,511	\$0	\$4,485,633	\$30,000	\$3,512,878	67.9
Request Above/(Below) Recommendation	\$30,000	\$0	\$0	\$30,000	\$0	0.0

DECISION ITEMS - DIVISION OF RECLAMATION, MINING, AND SAFETY

The Department request for FY 2016-17 did not include any decision items or budget amendments for the Division of Reclamation, Mining, and Safety. However, the DRMS is affected by the following items discussed in the "Decision Items Affecting Multiple Divisions" section at the beginning of this document:

- a JBC staff initiated line item adjustment (see *pages 12 and 30*); and
- a technical adjustment included in the Department request, shown as "Other requested changes" in the table above (see *pages 13 and 28*).

LINE ITEM DETAIL – DIVISION OF RECLAMATION, MINING, AND SAFETY

(A) Coal Land Reclamation

Program Costs

The Coal Land Reclamation (CLR) Program is administered pursuant to a cooperative agreement with the Office of Surface Mining (OSM) in the U.S. Department of the Interior. It is a regulatory program charged with: reviewing and issuing coal mining and reclamation permits; monitoring and inspecting coal mining operations; and enforcing permit provisions and mining regulations. Federal regulations also require the State to administer the CLR Program in order to receive federal funds to safeguard Colorado's inactive mines.

This line item supports 21.0 FTE and associated operating expenses for the CLR Program. Approximately 79.0 percent of the funding for this program is from federal funds provided by the OSM with a required state match of cash funds from Tier I of the Severance Tax Operational Fund for the remainder. The availability of federal funds determines the exact amount of severance tax required each year, and the DRMS will occasionally submit requests to adjust the appropriation for this line item as it did in FY 2011-12 and FY 2014-15.

Statutory Authority: Sections 34-33-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$2,243,667 total funds and 21.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay, as well as a technical adjustment to eliminate 1.0 FTE that is currently vacant and unfunded.

Recommendation: Staff recommends approving the Department's request, including the technical adjustment, which is consistent with prior-year expenditures for this line item. Continuing the appropriation will allow the DRMS to continue to meet federal standards for maintaining a robust regulatory program as a condition of state primacy over coal mining activities and securing federal funding for reclamation at legacy mine sites.

Division of Reclamation, Mining, and Safety, Coal Land Reclamation, Program Costs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$2,219,915</u>	<u>\$0</u>	<u>\$475,589</u>	<u>\$0</u>	<u>\$1,744,326</u>	<u>22.0</u>
TOTAL	\$2,219,915	\$0	\$475,589	\$0	\$1,744,326	22.0

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Reclamation, Mining, and Safety, Coal Land Reclamation, Program Costs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,219,915	\$0	\$475,589	\$0	\$1,744,326	22.0
Annualize prior year budget actions	23,752	0	4,907	0	18,845	0.0
Other requested changes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$2,243,667	\$0	\$480,496	\$0	\$1,763,171	21.0
Increase/(Decrease)	\$23,752	\$0	\$4,907	\$0	\$18,845	(1.0)
Percentage Change	1.1%	n/a	1.0%	n/a	1.1%	(4.5%)
FY 2016-17 Executive Request:	\$2,243,667	\$0	\$480,496	\$0	\$1,763,171	21.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Coal Land Reclamation subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director’s Office.

Request and Recommendation: The Department requests an appropriation of \$124,048 total funds for FY 2016-17. This represents a decrease in indirect cost recoveries collected from this subdivision. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policy decisions for FY 2016-17.

(B) Inactive Mines

Program Costs

This line item provides funding for the Inactive Mine Reclamation Program (IMRP) responsible for safeguarding abandoned mine openings, inspecting and monitoring mine sites, and reclaiming pre-law or legacy mine sites. This program was instituted and funded under the provisions of the federal Surface Mining Control and Reclamation Act (SMCRA) of 1977, and only mines abandoned prior to 1977 are eligible for program funding. According to Department estimates, approximately 13,925 eligible abandoned mines or mine features remain in Colorado.

Funding for the IMRP program primarily consists of federal grants from the Office of Surface Mining (OSM). To receive these funds, the DRMS must maintain a federally-approved coal mining regulatory program (i.e. the Coal Land Reclamation Program described in the previous subdivision), but there are no requirements for a state match for moneys used to reclaim legacy mine sites. In addition to reclamation projects, the federal money can be used for the investigation of thirty-three coal mine fires pending safeguarding and for subsidence issues at

historic coal mines that impact residential housing. Please note, the Long Bill reflects the federal administrative and oversight costs, but not the multi-year grants for site work amounting to about \$11.6 million per year.

The IMRP also receives approximately \$600,000 cash funds from Tier I of the Severance Tax Operational Fund:

- Pursuant to Section 39-29-109.3 (1) (c), C.R.S., \$500,000 is transferred annually from the Severance Tax Operational Fund to the Abandoned Mine Reclamation Fund to supplement federal funding and complete greater number of reclamation and safeguarding projects at pre-law mines. This includes contracts for site work, 0.4 FTE for program staff, and associated operating expenses. This money can also be used to remedy environmental issues at pre-law mine sites that the federal grant is not authorized to address. Moneys appropriated to the Abandoned Mine Reclamation Fund are explicitly limited to pre-law or legacy sites and remain available for expenditure for three years.
- Starting in FY 2015-16, \$99,850 cash funds from the Severance Tax Operational Fund, are transferred to this line item after the Abandoned Mine Safety line item was eliminated. This funding is for basic safeguarding measures like capping and fencing at legacy mine features, i.e. smaller versions of the other reclamation and safeguarding projects this line item funds.

Statutory Authority: Sections 34-21-101 to 34-21-103, C.R.S., Section 33-24-110, C.R.S., Section 34-33-133, C.R.S., and Section 34-34-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$1,861,137 total funds and 16.3 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. Please note that reversions of cash funds occur regularly in this line item, but are an artifact of appropriations that are allowed to be spent over three years. For example, the Department indicated that cash funds appropriated in FY 2014-15 will be fully expended by the end of FY 2016-17, but show up as a reversion in accounts of FY 2014-15 actuals. These kinds of funds are generally completely encumbered or committed through the contracting and purchasing process.

Legacy Mine Hydrology Projects

This line item supports the Mining Non-Point Source Program which helps local entities secure federal funding from the U.S. Environmental Protection Agency (EPA) for water quality improvement projects (not water treatment) at pre-law mine sites abandoned prior to adoption of the Clean Water Act (CWA) of 1972. After mining operations cease in a given location, acid drainage and metal leaching can continue at these sites for many years. The cost of water treatment is now accounted for in the permitting and bonding process for active mite sites, but abandoned legacy mine sites do not have an identifiable party or operator that can be held responsible for remediation. Instead, reclamation must be undertaken voluntarily by local entities and is supported by grant funding with financial and technical assistance from the DRMS.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

The Mining Non-Point Source Program uses cash funds from Tier I of the Severance Tax Operational Fund as matching funds for the federal grants used to support the construction of hydro-geologic controls at legacy sites, including: diversion ditches, mine waste removal, mine waste consolidation, stream diversion, and re-vegetation. Additionally, the Program receives \$30,000 in reappropriated funds from the Department of Public Health and Environment (CDPHE), the designated state agency for the administration of the CWA, to cover a portion of the program's costs.

Statutory Authority: Section 34-33-133, C.R.S.

Request: The Department requests an appropriation of \$412,783 total funds and 1.2 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$382,783 total funds and 1.2 FTE. As shown in the table below, this includes a JBC staff initiated reduction of \$30,000 reappropriated funds. These funds are technically from CDPHE, but the DRMS has not used this spending authority in prior years. The DRMS receives funds from CDPHE on occasion but, pursuant to Section 34-33-133 (2) (a), has the authority to expend them as non-appropriated grant funds and does not require reappropriated funds for that purpose. The Department is supportive of the recommendation.

The Department's FY 2015-16 SMART Act Performance Plan identifies the number of water quality issues addressed at legacy mines sites as a primary measure of output for this program. This is part of the Department's larger strategic policy initiative related to balancing the development of mineral resources with the protection of public health and safety and the environment. The amount of the appropriation for the MNPS Program is a key determining factor of the rate at which water quality improvement projects can be completed and there is consistently more demand from local organizations than the current appropriation allows. At present, the IMRP can provide matching funds for four to six water quality improvement projects each year, which is consistent the performance plan benchmark of five projects per year.

Division of Reclamation, Mining, and Safety, Inactive Mines, Legacy Mine Hydrology Projects						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$411,665</u>	<u>\$0</u>	<u>\$381,665</u>	<u>\$30,000</u>	<u>\$0</u>	<u>1.2</u>
TOTAL	\$411,665	\$0	\$381,665	\$30,000	\$0	1.2
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$411,665	\$0	\$381,665	\$30,000	\$0	1.2
Annualize prior year budget actions	1,118	0	1,118	0	0	0.0
JBC staff initiated line item reductions	<u>(30,000)</u>	<u>0</u>	<u>0</u>	<u>(30,000)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$382,783	\$0	\$382,783	\$0	\$0	1.2

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Reclamation, Mining, and Safety, Inactive Mines, Legacy Mine Hydrology Projects						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	(\$28,882)	\$0	\$1,118	(\$30,000)	\$0	0.0
Percentage Change	(7.0%)	n/a	0.3%	(100.0%)	n/a	0.0%
FY 2016-17 Executive Request:	\$412,783	\$0	\$382,783	\$30,000	\$0	1.2
Request Above/(Below) Recommendation	\$30,000	\$0	\$0	\$30,000	\$0	0.0

Reclamation of Forfeited Mine Sites

The General Assembly created this line item in FY 2007-08 to provide funding to reclaim mine sites forfeited due to operator bankruptcy or death, or that had insufficient bonds when the mining permit was revoked. Risks associated with un-reclaimed mine sites include water contamination, unstable soils, volatile gases and explosives, and open pits.

Funding available for reclamation at forfeited mine sites is largely determined by the date of forfeiture:

1. Mines forfeited prior to 1977 qualify for federal funding from the Office of Surface Mining and also receive some severance tax revenue through the Program Costs and Legacy Mine Hydrology Projects line items in this subdivision. Sites treated under this line item are not eligible for federal funds that can be used for pre-1977 mines.
2. Between 1977 and 1993 mine operators were required to post bonds, but the bonds were capped in statute by mine type and were not tailored to the features of individual mine sites. As a result, the capped bonds were sometimes inadequate to fully fund reclamation at sites from this time period and, prior to the establishment of this line item, the DRMS was only able to address the sites as funding permitted.
3. Mines established after 1993 have individually-calculated bond requirements based on size, type of disturbance, on-site structures, surrounding environmental impacts, and construction costs. While the bonds from mines forfeited after 1993 have generally been adequate to address necessary reclamation work, the DRMS still encounters an average of five mine sites per year with bond shortages or failures that require additional funding to fully reclaim. This situation can occur if a mine site has changed between permitting/bonding and forfeiture.

Pursuant to H.B. 15-1150 (Sev Tax Op Fund Transfers for Mine Reclamation), this line item receives funding from Tier II of the Severance Tax Operational Fund for situations described in Items 2 and 3 above. Specifically, when a bond amount at a forfeited site is insufficient, either due to legacy status or operator abandonment, this money is used to make up the difference between available funding and the total cost of reclamation at a mine site.

Statutory Authority: Sections 34-32-118 and 34-32.5-118, C.R.S.

Request: The Department requests a continuation-level appropriation of \$121,162 cash funds and 0.3 FTE for FY 2016-17.

Recommendation: Staff recommends approving the Department request. Please note that the recommended appropriation reflects the authorized transfer from Tier II of the Severance Tax Operational. However, the anticipated proportional reductions to Tier II programs under the December 2015 Legislative Council Staff revenue forecast will reduce the total amount transferred to this program to \$112,144 in the current fiscal year and \$74,883 in FY 2016-17.

The DRMS expects to initiate projects at nine bond forfeiture sites in FY 2016-17 using a combination of bond money and severance tax. This is two less than in the previous year and is half the number of sites reclaimed in FY 2014-15. Additionally, there are two sites that were forfeited in FY 2014-15 that are under-bonded by hundreds of thousands of dollars due to exposed groundwater. Reclamation projects at these sites will either be delayed until funding is available or completed in stages as program funding is restored. Alternative reclamation measures will also need to be considered due to the overall lack of bond and severance tax money available at this time. Future reclamation projects at forfeited mine sites will proceed based available funding.

Reductions to Tier II funding also limit project management costs as staff time to work on projects and forfeited mines is supported by severance tax. Specifically, the number of times staff are able to visit the site may be limited due to the associated personnel costs. However, a shortage of funding for the program can also require that projects be completed in stages, necessitating more staff site visits and contractor work than would be required if funding were available to complete the project all at one time. In short, program efficiency is contingent on available funding and the anticipated proportional reductions to Tier II in FY 2015-16 and FY 2016-17 will limit program outcomes until revenue rebounds.

Abandoned Mine Safety

Prior to FY 2015-16, this line item provided funding from the Severance Tax Operational Fund for basic safeguarding measures like capping and fencing at the more than 23,000 mine openings in Colorado abandoned prior to bonding requirements implemented in 1977 (pre-law mines). Projects were initially limited to sites in counties with casinos and gaming districts because funding came specifically from gambling revenue generated in those areas. In FY 2001-02, however, funding was converted to severance tax revenue and the line item supported projects statewide based on priority need from then on. Because the appropriation was no longer location-specific and did not fund projects that were substantively different than other line items in the subdivision, it was eliminated in the 2016 Long Bill and the associated appropriation was transferred to the Inactive Mines – Program Costs line item.

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Inactive Mines subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

Request and Recommendation: The Department requests an appropriation of \$140,072 total funds for FY 2016-17. This represents a decrease in indirect cost recoveries collected from this subdivision. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policy decisions for FY 2016-17.

(C) Minerals

Program Costs

This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The types of minerals regulated under this program include metals (e.g. gold, silver, and molybdenum), construction materials (e.g. sand, gravel, marble, and flagstone), uranium, and vanadium. The Minerals Program also regulates oil shale development but coordinates extensively with the Oil and Gas Conservation Commission in reviewing permits and conducting inspections. Operating costs of the Mined Land Reclamation Board are covered under this line item. Fund sources include fees deposited in the Mined Land Reclamation Fund and severance tax revenues from Tier I of the Severance Tax Operational Fund. Most fees are set in statute, but some are set by rule pursuant to Section 34-32-127, C.R.S.

Statutory Authority: Sections 34-32-101 *et seq.*, and 34-32.5-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$2,243,243 cash funds and 24.1 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay

Recommendation: Staff recommends approving the Department request as it is generally consistent with prior-year expenditures from this line item. Also, performance measures included in the Department's FY 2015-16 SMART Act Performance Plan indicate that overall workload for the Minerals Program is expected to remain relatively constant going forward, although changing economic conditions can cause workload to shift within the program (e.g. from permitting to enforcement). Workload indicators include: the number of active (mineral) mines and prospecting operations, number of permits and total acres permitted, number of inspections, number of issued notices of violations, and citizen complaints.

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Minerals subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

Request and Recommendation: The Department requests an appropriation of \$110,704 cash funds for FY 2016-17. This represents a decrease in indirect cost recoveries collected from this subdivision. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policies for FY 2016-17.

(D) Mines Program

Colorado and Federal Mine Safety Program

This program conducts safety audits of active mines, provides mine rescue and safety training, produces and distributes mine safety training materials, and inspects tourist mines. Federal funds are from the Mine Safety and Health Administration in the U.S. Department of Labor account for the majority of program funding. The remainder of the appropriation is comprised of cash funds from Tier I of the Severance Tax Operational Fund and a small amount of fee revenue.

Statutory Authority: Articles 20 to 24 of Title 34, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$539,837 total funds and 4.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay. Staff recommends approving the Department request.

Blaster Certification Program

This line item provides funding for the Blaster Certification Program, which administers certification exams required by certain coal mine officials as specified in Section 34-22-105, C.R.S. The Office of Surface Mining (OSM) in the U.S. Department of the Interior requires Colorado to have this program as a condition of state primacy in the Coal Program. Federal funds from the OSM account for 79.0 percent of program funding with a 21.0 percent state match from Tier I of the Severance Tax Operational Fund.

Statutory Authority: Section 34-33-101*et seq.*, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$112,878 total funds and 1.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey. Staff recommends approving the Department request.

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Mines Program subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

Request and Recommendation: The Department requests an appropriation of \$18,980 total funds for FY 2016-17. This represents a net decrease in indirect cost recoveries collected from this subdivision. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policy decisions for FY 2016-17.

(E) Emergency Response Costs

This appropriation provides funds for the Department of Natural Resources to use for an initial response to environmental emergencies at permitted mining sites. For large-scale emergencies,

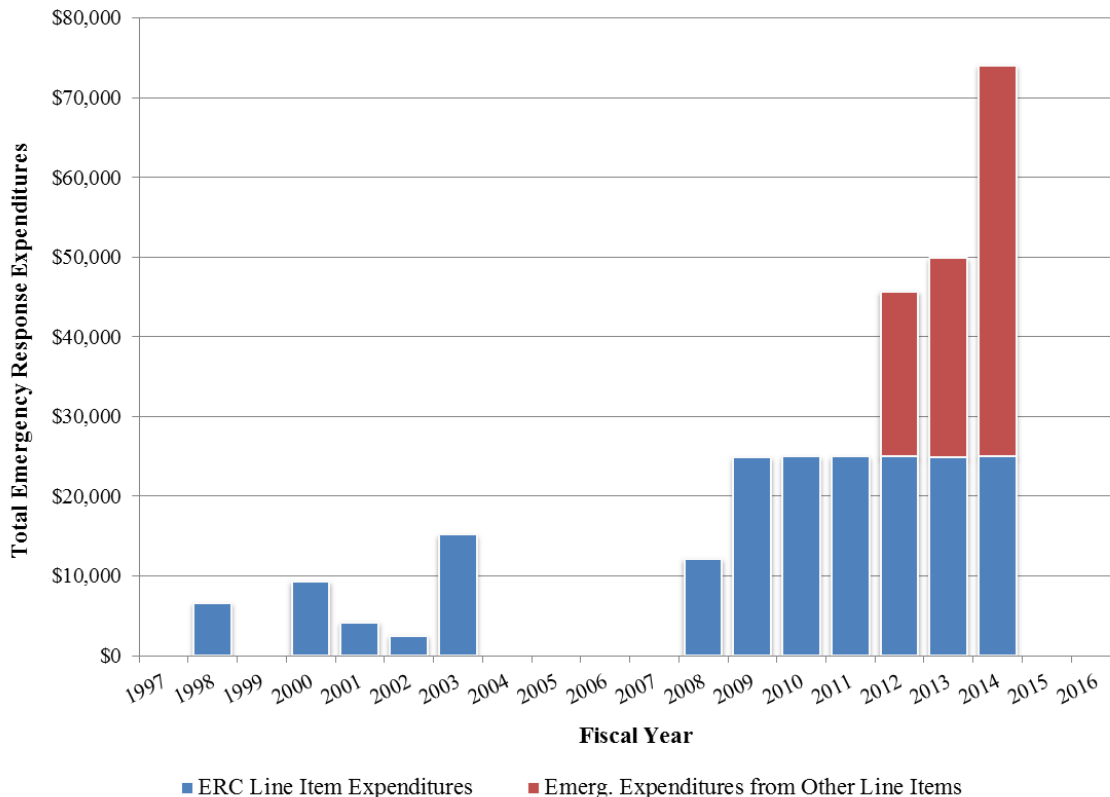
there are procedures for the Governor and/or the JBC to make additional funding available, but the appropriation in this line item can be used immediately while other funds are secured. Additionally, even if affected sites have financial warranties, it often takes time to go through the required regulatory procedures needed to liquidate the bonds and other warranty instruments for abandoned mine sites. By providing an immediately available source of funds, the Division is able to avoid increased remediation costs that may be incurred by a delay in responding to environmental emergencies due to funding. Contractors perform the environmental remediation work and no FTE are associated with this line item.

Statutory Authority: Sections 34-32-122, 34-32-124 and 34-32-124.5, C.R.S.

Request: The Department requests an appropriation of \$100,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. The following figure shows total emergency response expenditures by the DRMS since the line item was established in FY 1996-97 through year-to-date expenditures in FY 2015-16.

DRMS Emergency Response Expenditures



The appropriation for this line item represents a balance between obligating severance tax revenue in the Operational Fund and having enough revenue available to properly respond to an incident if it arises. In FY 2011-12 through FY 2013-14, expenditures exceeded the available emergency response appropriation (\$25,000) and had to be covered out of other line items within

the Division. The ERC appropriation was subsequently increased to \$100,000, but total emergency response expenditures out of all line items have not exceeded \$75,000 in any year. No expenditures have been made to date in FY 2015-16, but the DRMS indicated that incidents can still arise as the spring melt begins.

Under current law, emergency response expenditures are limited to incidents at permitted mine sites or where the DRMS has regulatory authority (Section 34-32-124.5, C.R.S.). This *excludes* legacy mine sites (i.e. mines without a liable party) from being eligible for these funds. During the briefing for the Department of Natural Resources on December 3, 2015, JBC staff recommended the General Assembly enact legislation to allow the DRMS to use the existing Emergency Response Costs appropriation for incidents at legacy mine sites. A bill to this effect has been introduced and is making its way through the process (H.B. 16-1276 Emergency Response at Legacy Mine Sites). The fiscal note has not been finalized, but it is staff's opinion that the current appropriation will be sufficient for emergency response at both permitted and legacy mine sites for the time being.

(3) Oil and Gas Conservation Commission

The Oil and Gas Conservation Commission (OGCC) is charged with promoting the responsible exploration, development, and conservation of Colorado's oil and natural gas resources. To achieve these goals, the Commission promulgates regulations governing oil and gas development, issues permits, enforces laws and regulations, maintains a financial surety program to ensure proper reclamation of well sites, and provides information to the public and industry pertaining to oil and gas production. The Commission also has the authority to regulate oil and gas operations to protect public health and prevent significant adverse environmental impacts. In addition to enforcement, the OGCC responds to complaints and inquiries, responds to oil and gas spills and other environmental emergencies at production sites, manages plugging and reclamation work at abandoned well sites, and performs baseline water quality studies.

Oil and Gas Conservation Commission						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$12,827,024</u>	<u>\$0</u>	<u>\$12,719,508</u>	<u>\$0</u>	<u>\$107,516</u>	<u>110.3</u>
TOTAL	\$12,827,024	\$0	\$12,719,508	\$0	\$107,516	110.3
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$12,827,024	\$0	\$12,719,508	\$0	\$107,516	110.3
JBC staff initiated OGCC fund source adjustment	(250,000)	0	(250,000)	0	0	0.0
JBC staff initiated line item name change	0	0	0	0	0	0.0
Annualize prior year budget actions	(55,562)	0	(55,562)	0	0	0.0
Adjustments to indirect cost assessments	<u>(19,843)</u>	<u>0</u>	<u>(16,886)</u>	<u>0</u>	<u>(2,957)</u>	<u>0.0</u>
TOTAL	\$12,501,619	\$0	\$12,397,060	\$0	\$104,559	110.3
Increase/(Decrease)	(\$325,405)	\$0	(\$322,448)	\$0	(\$2,957)	0.0
Percentage Change	(2.5%)	n/a	(2.5%)	n/a	(2.8%)	0.0%
FY 2016-17 Executive Request:	\$12,751,619	\$0	\$12,647,060	\$0	\$104,559	110.3
Request Above/(Below) Recommendation	\$250,000	\$0	\$250,000	\$0	\$0	0.0

DECISION ITEMS – OIL AND GAS CONSERVATION COMMISSION

The Department request for FY 2016-17 did not include any decision items or budget amendments that impact the Oil and Gas Conservation Commission. However, there are two JBC staff-initiated changes in this division discussed in detail on the following pages.



JBC staff initiated OGCC fund source adjustment

Request: This is a JBC staff initiated change and was not requested by the Department.

Recommendation: Staff recommends the following changes by line item:

- *OGCC – Program Costs:* increase the OGCC's appropriation from Tier I of the Severance Tax Operational Fund by \$3.0 million cash funds and decrease the appropriation from the Oil and Gas Conservation and Environmental Response (Response) Fund by the same amount in FY 2016-17.

Based on current revenue projections and assuming \$750,000 in emergency response expenditures (see below), this will increase the ending balance in the Response Fund for FY 2016-17 by the minimum amount required for the OGCC to meet obligations through the first quarter of FY 2017-18. This recommendation will have an impact of \$6.0 million on the Operational Fund due to the 100 percent reserve requirement for Tier I programs, and will increase anticipated proportional reductions to Tier II programs to 57.2 percent in FY 2016-17.

- *OGCC – Emergency Response:* decrease the emergency response appropriation from the Response Fund by \$250,000 cash funds in FY 2016-17.

The OGCC assumed an emergency response appropriation of \$750,000 cash funds in FY 2017-18 when determining the minimum FY 2016-17 year-end cash fund balance used to calculate the recommended increase to severance tax described above. This adjustment applies the same assumption to the emergency response appropriation in FY 2016-17, which has the effect of increasing the year-end balance in the Response Fund by \$250,000 and decreasing the offset required from the Severance Tax Operational Fund by the same amount. Please note that most, if not all, of the appropriation from this line item is reverted each year. Expenditures have not exceeded \$350,000 in any year since the line item was established in FY 2006-07.

Background Information

The Oil and Gas Conservation Commission (OGCC) is almost entirely supported by two major sources of cash funds: Tier I of the Severance Tax Operational Fund and the Oil and Gas Conservation and Environmental Response Fund. Approximately 35 percent of cash funds for the OGCC come from the Severance Tax Operational Fund. As a Tier I agency, severance tax is a relatively stable source of funding for the OGCC in spite of the inherent volatility of the revenue stream itself. Cash funds from the Response Fund make up the other 65 percent of the revenue supporting programs within the OGCC, as well as the agency's share of centrally appropriated line items. The Response Fund also provides funding for the Oil and Gas Consultation Program in the Colorado Department of Public Health and Environment, as well as periodic support for air quality studies and one-time funding for infrared cameras.

Response Fund Revenues and Expenditures

The large majority (about 90 percent) of the revenue coming into the Response Fund is from a mill levy on the market value of oil and gas at the well. Pursuant to Section 34-60-122, C.R.S.,

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

the Oil and Gas Conservation Commission has the authority to adjust the mill levy up to a statutory maximum of 1.7 mills on the dollar. The current rate is 0.7 mills and has not been changed since FY 2007-08. The following table shows recent and projected mill levy revenue through FY 2017-18:

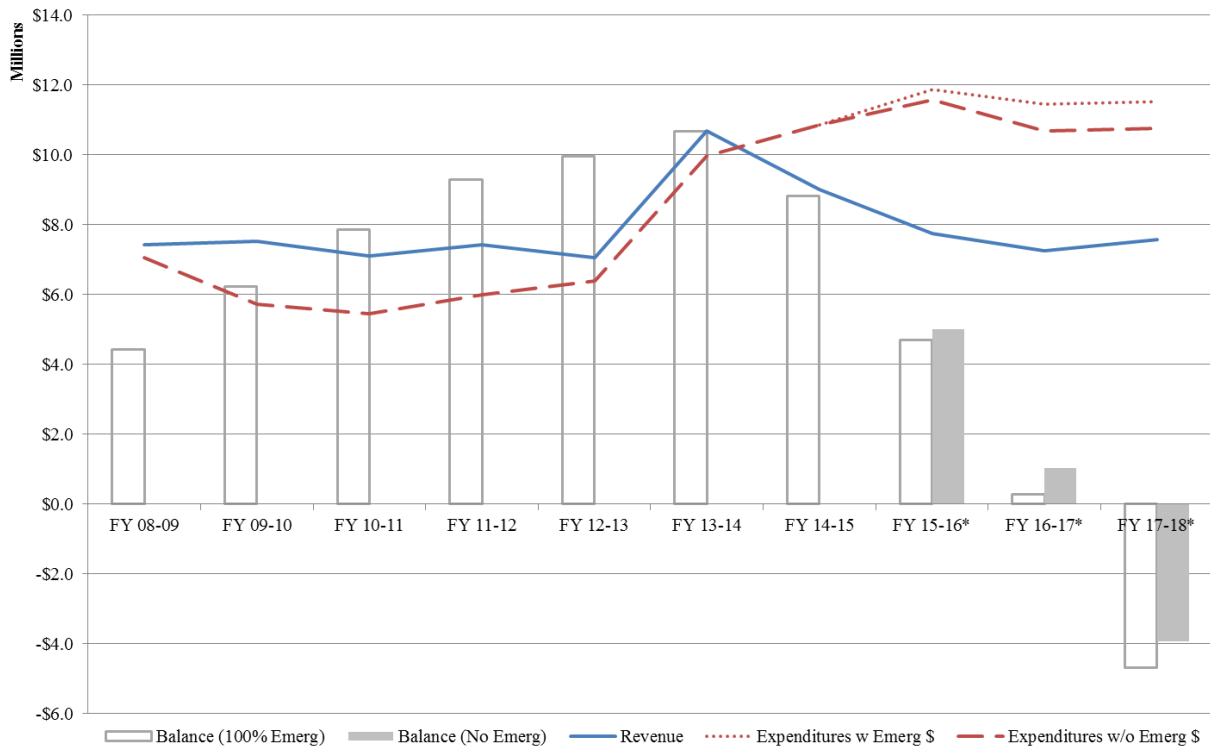
OGCC Mill Levy Revenues					
FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Actual	Actual	Actual	Estimated	Estimated	Estimated
\$6,562,155	\$9,149,344	\$8,084,810	\$6,552,697	\$6,165,283	\$6,478,873

*Estimates for FY 2015-16 through FY 2017-18 are different than those presented during the JBC staff briefing on December 3, 2015, and now reflect the most current price and production data for oil and gas.

The following figure shows actual and projected Response Fund revenues, expenditures, and ending fund balances. However, there are several assumptions built into the data to keep in mind when evaluating the status of the fund:

1. the mill levy remains constant at 0.7 mills going forward (no increases);
2. oil production declines by 3.0 percent per year and gas production declines by 1.0 per year starting in October 2015, sooner than in previous estimates;
3. the OGCC fully expends \$300,000 on emergency response in FY 2015-16 and \$750,000 in both FY 2016-17 and FY 2017-18.

Response Fund Revenues and Expenditures



To interpret the data in the figure for FY 2015-16 through FY 2017-18, please note:

- The grey bars represent anticipated year-end balance in the Response Fund: the outlined bars assume full expenditure of the emergency response appropriation and the solid bars assume no emergency response expenditures.
- The red lines represent estimated expenditures from the Response Fund: the dashed line represents expenditures from the fund without any emergency response spending. The dotted line above it assumes full expenditure of the emergency response appropriation.
- The blue line represents projected revenue from all sources, including the mill levy and penalty revenue.

In summary, if the mill levy remains constant at 0.7 mills and expenditures continue as assumed in the Department request, the balance in the Response Fund will begin to approach zero by the end of FY 2016-17. For a cash fund with \$11.7 million in obligations, a projected ending balance of \$271,283 is an uncomfortably slim margin. If market conditions for oil and gas change for the worse or unexpected expenses arise, the Response Fund balance could easily be smaller, or even negative, at the end of FY 2016-17. For FY 2017-18, projections indicate the Response Fund will have a deficit between \$3.0 and \$3.7 million depending on the amount of emergency response expenditures required in that year.

From a practical standpoint, the most pressing issue is funding for the OGCC in the first quarter of FY 2017-18. If nothing changes, the Response Fund could theoretically support required expenditures at the requested level through the end of FY 2016-17, albeit barely. However, because of the way revenue comes into the fund, the OGCC actually needs to finish each fiscal year with a large enough balance to support expenditures into the following fiscal year. Based on data from the OGCC, staff estimates that the minimum year-end balance required to support estimated expenditures from the Response Fund through the first quarter of FY 2017-18 is \$3.5 million.² However, the starting balance of \$271,283 (i.e. the projected year-end fund balance for FY 2016-17) would only be sufficient to cover 28.3 percent of expenditures in the first month of the year. As a result, adjustments need to happen in FY 2016-17 to ensure there is enough of a balance in the Response Fund for the OGCC to continue functioning into FY 2017-18.

Staff Recommendation and Alternatives for Committee Consideration

In light of the projected revenue shortfall, staff has laid out a number of different options for the Committee to consider when deciding on the FY 2016-17 budget for the OGCC. These options are not necessarily mutually exclusive and could be combined if the Committee so chooses.

Option 1 (JBC Staff Recommendation): Increase the appropriation from Tier I of the Severance Tax Operational Fund by \$2,978,717 in FY 2016-17 and reduce the Response Fund appropriation by \$3,228,717, comprised of a decrease of \$2,978,717 in the Program Costs line item and a decrease of \$250,000 in the Emergency Response line item.

² For FY 2017-18, this assumes a constant levy rate of 0.7 mills, annual revenues of \$7.5 million, and expenditures of \$11.5 million.

Severance tax revenue generated by oil and gas activity accounts for the vast majority of total severance tax revenue collected each year. Twenty-five percent of this revenue is allocated to the Severance Tax Operational Fund to support "programs that promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water, and for use in funding programs to reduce the burden of increasing home energy costs on low-income households" (Section 39-29-109 (1), C.R.S.). There is an argument to be made that Operational Fund revenue could, and perhaps should, be reallocated to support the agency responsible for regulating oil and gas before other alternatives are considered (e.g. reducing appropriations to the OGCC or requiring the industry to pay a higher mill levy.)

The staff recommendation for "Option 1" represents the absolute minimum required from the Operational Fund in FY 2016-17 to keep the OGCC running through the end of September 2017. For purposes of comparison, staff estimates the OGCC would need an ending balance of approximately \$4.4 million, requiring \$3.9 million from the Operational Fund, to stay operational through December when the first installment of revenue accrued to FY 2017-18 would come in. To avoid a negative balance at any point during FY 2017-18, the OGCC would need \$6.4 million at the end of FY 2016-17, requiring \$5.8 million from the Operational Fund.

To be very clear, the staff recommendation delays the problem. If this is a one-time infusion of severance tax money and all the usual assumptions apply, the OGCC will again be completely out of revenue by mid-October 2017. However, this option has clear negative implications for funding from Tier II of the Operational Fund and it was staff's objective to minimize the impact to these programs given the already-substantial cuts projected for FY 2016-17. Additionally, this should give the OGCC enough time to either propose alternative solutions or formally request a continuation of the appropriation from the Operational Fund through the budget process for FY 2017-18.

The following tables show the impact of increasing the FY 2016-17 Operational Fund appropriation for the OGCC in \$1.0 million increments including: (1) projected proportional reductions to Tier II programs; (2) the total percentage of Operational Fund revenue allocated to the OGCC; and (3) reductions by program:

Impact of Operational Fund Increase for OGCC		
Increase to OGCC Operational Fund Approp	FY 2016-17 Prop Reductions to Tier II	% of Total Op Fund Revenue for OGCC
\$0 (current req.)	41.0%	8.5%
\$1.0 million	46.5%	10.4%
\$2.0 million	51.8%	12.4%
\$3.0 million	57.3%	14.3%
\$4.0 million	62.7%	16.2%

*JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision*

Impact of OGCC Increase on FY 2016-17 Tier II Distributions by Program						
Program	Authorized Distribution	+\$0 (No Change)	+\$1.0M	+\$2.0M	+\$3.0M	+\$4.0M
Water Supply Grants	\$10,000,000	\$5,896,267	\$5,353,939	\$4,811,611	\$4,269,284	\$3,726,956
Soil Conservation Grants	450,000	265,332	240,927	216,523	192,118	167,713
Water Efficiency Grants	550,000	324,295	294,467	264,639	234,811	204,983
Species Conservation	5,000,000	2,948,133	2,676,969	2,405,806	2,134,642	1,863,478
LEAP	13,000,000	7,665,147	6,960,121	6,255,095	5,550,069	4,845,043
Ag Value Added CF	500,000	294,813	267,697	240,581	213,464	186,348
Interbasin Compacts	745,067	439,311	398,904	358,497	318,090	277,683
Forestry Grants	2,500,000	1,474,067	1,338,485	1,202,903	1,067,321	931,739
Aquatic Nuisance Species	4,006,005	2,362,047	2,144,791	1,927,534	1,710,277	1,493,020
Recl. at Forfeited Mines	<u>127,000</u>	<u>74,883</u>	<u>67,995</u>	<u>61,107</u>	<u>54,220</u>	<u>47,332</u>
Total	\$36,878,072	\$21,744,295	\$19,744,295	\$17,744,296	\$15,744,296	\$13,744,295
Difference From Authorized Distr.	n/a	(\$15,133,777)	(\$17,133,777)	(\$19,133,776)	(\$21,133,776)	(\$23,133,777)

* Please note, the difference from authorized distribution amounts go up by \$2.0 million for every increase of \$1.0 million due to the 100 percent reserve requirement for Tier I programs (Section 39-29-109.3 (3) (a), C.R.S.).

Based on the December 2015 Legislative Council Staff revenue forecast, estimated proportional reductions of 41.0 percent will be required to Tier II programs in FY 2016-17 under the current request. Increasing the appropriation for the OGCC in any amount will increase proportional reductions to Tier II programs. Additionally, proportional reductions would be triggered in the following year by increasing the FY 2017-18 appropriation for the OGCC by anything more than \$134,000. However, statute clearly prioritizes funding for Tier I agencies over Tier II expenditures (Sections 39-29-109.3 (1) and (2), C.R.S.), and this may be a situation that requires that principle to be implemented in practice.

The estimates in this section assume that: (1) all other Operational Fund spending is constant, i.e. no increases or decreases due to special bills; (2) Operational Fund reserve requirements remain the same as they are current law; (3) the December 2015 LCS revenue forecast is similar to future forecasts; and (4) proportional reductions are implemented equally across all Tier II programs according to the formula set in statute. The General Assembly always has the option of redistributing the reductions across Tier II programs through legislation. Additionally, if the reserve requirements for Tier I and Tier II are changed in statute in the upcoming fiscal year, the impact to Tier II programs may be mitigated to some extent.

Option 2: Approve the Department request for the OGCC "as is" for FY 2016-17. This includes a total of \$11,112,059 from the Response Fund (division expenditures plus centrally appropriated line items) and \$4,398,067 from Tier I of the Severance Tax Operational Fund.

Given the revenue projections for the Response Fund described above, this option is not sustainable. To date, however, the Governor has not submitted an alternative to the request that addresses the clearly-foreseeable revenue issues for the OGCC. If the Committee were to approve the Department request for FY 2016-17, the OGCC may need to make use of the

supplemental process for interim or mid-year adjustments to continue operating. Additional internal cuts to FTE would be likely in FY 2016-17 and imminent for FY 2017-18. It would also make the substantial revenue shortfall in FY 2017-18 a near certainty. The magnitude or timing of that shortfall may change due to fluctuations in the oil and gas market, but it is unlikely to be solved by a turnaround in price and production alone.

Option 3: Reduce the appropriation to the OGCC from the Response Fund and make a corresponding cut to FTE to align appropriations with projections for available revenue.

This option essentially has the same outcome as "Option 2" above, but simply cuts the empty spending authority that would remain if the Department request was approved as is. It is reasonable to expect the OGCC to participate in the solution to the revenue problem by working to eliminate all non-essential expenditures. The OGCC is already making reductions by holding vacancies open and letting contracts expire, and estimates that a savings of \$750,000 can be achieved in FY 2016-17 in this fashion. However, the updated Response Fund projections already include these reductions in the upcoming fiscal year and cutting enough FTE or program funding to ultimately save \$3.7 million or more would completely incapacitate the agency in terms of the services it is charged with providing, as well as the response times expected by the industry and the public.

The majority of the workload for the OGCC is driven by existing wells and infrastructure, not new development per se. Even if drilling were to cease altogether, the more than 52,000 active wells in the state still require inspection, maintenance, review by engineers, remediation by environmental specialists etc. Also, it has generally been the OGCC's philosophy to avoid adding permanent FTE to meet the market. In other words, the agency tends to be understaffed to some degree with contractors making up the difference so the impact of downturns is reduced for permanent staff. This approach makes sense given the volatility of the oil and gas market, but has also created problems in the form of backlogs, especially during the recent years of increased activity. For example:

- The benchmark turnaround time to review an application for a permit to drill, also known as an APD or Forms 2 and 2A, is 30 days. The turnaround time as of mid-February 2016 was 72 days. These applications allow the OGCC to ensure that new wells will be engineered properly and located correctly so they do not interact with any existing wells.
- The backlog on the processing of other forms including well completion and P&A (plugging and abandonment) reports is estimated by the OGCC to be 15,500 hours, equivalent to approximately 7.5 FTE. These reports help the OGCC determine whether wells have been installed correctly and safely, or been properly abandoned at the conclusion of operations.
- The number of new remediation projects has exceeded the number of resolved projected in almost every year since 2003, yielding a cumulative backlog of more than 1,200 projects in 2015.

In short, on top of ongoing workload, the OGCC is already behind in a number of areas crucial to the regulatory role of the agency. This issue would be further exacerbated by a significant reduction in staff.

Option 4: Introduce legislation to set the mill levy rate at a higher rate, increasing Response Fund revenue starting in FY 2016-17.

Pursuant to Section 34-60-122 (1) (a), C.R.S., the OGCC has the authority to adjust the mill levy up or down "as the expenses chargeable against the [Response] Fund may require," so long as the rate does not exceed the statutory cap of 1.7 mills on the dollar. This provision was implemented so the OGCC had flexibility to respond to market conditions, including downturns exactly like the one happening now. However, the Governor has instructed the OGCC *not* to make use of its statutory authority to raise the mill levy rate due to the TABOR implications associated with the increase in cash fund revenue. Although staff acknowledges the difficulty of the current situation under the limitations imposed by TABOR, it is troubling that the OGCC is not allowed to exercise this authority for its intended purpose.

If the General Assembly wanted to require that the Response Fund shortfall be addressed using revenue generated by the mill levy, legislation would be necessary to set the rate in statute (likely 1.15 mills as estimated by the OGCC). To be clear, if the Committee were to pursue this course of action, staff would *not* recommend setting the mill levy rate in statute permanently. The OGCC needs the flexibility to respond to market conditions, boom or bust, and it would be somewhat cumbersome for the legislature to assume responsibility for adjusting the rate. Legislative Legal Services confirmed that it is possible to change statute to increase the mill levy temporarily. Under TABOR, the mill levy is a fee, not a tax, and can be adjusted through legislation without voter approval.

Option 5: Make a General Fund appropriation to help offset the revenue shortfall in the Response Fund.

Staff included this option because the impact of backfilling the Response Fund revenue shortfall with General Fund would be comparable to a mill levy increase in light of anticipated TABOR refunds. Staff does not recommend this option for a number of reasons, not the least of which is the overall lack of available General Fund. The OGCC is responsible for the regulation of a specific and well-defined industry which has supported the agency through the mill levy and severance tax for many years, and oil and gas development is highly concentrated in certain areas of the state. As such, it is staff's opinion that the use of statewide funds is not the most appropriate option at this time.



JBC staff initiated line item name change

Request: This is a staff-initiated change and was not requested by the Department. However, the Department is supportive of the following recommendation.

Recommendation: Staff recommends changing the line item currently named "Plugging and Reclaiming Abandoned Wells" to "Plugging and Reclaiming Orphaned Wells" starting in FY 2016-17. This is a budget-neutral change to more accurately identify the type of oil and gas wells or sites that can be addressed with funding from this line item.

Analysis: The "Plugging and Reclaiming Abandoned Wells" line item provides \$445,000 cash funds from the Response Fund each year for plugging and reclaiming *orphaned* oil and gas wells. However, by incorrectly referencing *abandoned* wells, the current line item title may be contributing to confusion about the purpose of this funding. Plugging and abandonment, or P&A, is actually standard practice in the oil and gas industry because it is a *process* that operators must undertake when permanently ceasing operations at a well. In this context, abandonment is not a "bad" thing. If a well is abandoned, it simply means it is finished producing and the operator has met all requirements and standards for plugging the well and reclaiming the area around it before leaving a site. The OGCC requires operators to submit a report detailing the plugging and abandonment of oil and gas wells and actually conducts P&A work on wells under the purview of the agency (i.e. orphaned wells, see below).

Notably, an abandoned well is not the same thing as an abandoned mine. Instead, the equivalent of an abandoned mine in the oil and gas industry is called an *orphaned* well. These are wells that do not have an identifiable responsible party and/or do not have a sufficient financial warranty to fully cover the cost of reclaiming the site. The appropriation under the "Plugging and Reclaiming Abandoned Wells" line item is actually used to fund *P&A projects* at *orphaned* wells. All this is to say the line item name is incorrect from both a technical perspective (i.e. you cannot plug an already-plugged abandoned well) as well as a conceptual one (i.e. this line item is not used on abandoned wells). Changing the line item name to include the proper terminology should help clarify that the funding is used by the OGCC for final reclamation at wells that have no responsible party and/or insufficient funding (orphaned), not for wells that are simply finished producing and have been secured and remediated by the operator or other responsible party (abandoned).

LINE ITEM DETAIL – OIL AND GAS CONSERVATION COMMISSION

Program Costs

This line item supports the majority of personal services and operating expenses for the OGCC. Approximately 40 percent of the funding for this line item is from Tier I of the Severance Tax Operational Fund. The other 60 percent is from the Oil and Gas Conservation and Environmental Response (Response) Fund. The Response Fund is supported by a statewide mill levy on the market value of oil and gas production. Pursuant to Section 34-60-122 (1) (a) the mill levy rate is capped at a maximum of 1.7 mills, but the Commission has the authority to increase or decrease the mill levy rate under the cap if necessary to align revenue with expenditures from the Response Fund.

Statutory Authority: Section 34-60-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$10,073,017 cash funds and 108.3 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$10,073,017 cash funds and 108.3 FTE for FY 2016-17. However, staff recommends the appropriation be comprised of \$2,874,849 from the Oil and Gas Conservation and Environmental Response Fund and \$7,198,168 from Tier I of

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

the Severance Tax Operational Fund for one year only. This reflects the JBC staff initiated OGCC fund source adjustment discussed on page 39 of this document.

Oil and Gas Conservation Commission, Program Costs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$10,128,579</u>	<u>\$0</u>	<u>\$10,128,579</u>	<u>\$0</u>	<u>\$0</u>	<u>108.3</u>
TOTAL	\$10,128,579	\$0	\$10,128,579	\$0	\$0	108.3
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$10,128,579	\$0	\$10,128,579	\$0	\$0	108.3
JBC staff initiated OGCC fund source adjustment	0	0	0	0	0	0.0
<i>Response Fund</i>	(2,978,717)	0	(2,978,717)	0	0	0.0
<i>Tier I Sev Tax Operational Fund</i>	2,978,717	0	2,978,717	0	0	0.0
Annualize prior year budget actions	<u>(55,562)</u>	<u>0</u>	<u>(55,562)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,073,017	\$0	\$10,073,017	\$0	\$0	108.3
Increase/(Decrease)	(\$55,562)	\$0	(\$55,562)	\$0	\$0	0.0
Percentage Change	(0.5%)	n/a	(0.5%)	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$10,073,017	\$0	\$10,073,017	\$0	\$0	108.3
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Underground Injection Program

This line item supports the Underground Injection Control Program, which is responsible for the regulation of Class II underground injection wells under authority delegated to the OGCC by the U.S. Environmental Protection Agency (EPA). This includes overseeing the injection of oil and gas production wastes or the injection of liquids to enhance fuel recovery, as well as the inspecting and permitting of sites where these underground injections occur. Program funding comes from a federal grant through the EPA.

Statutory Authority: Section 34-60-101 *et seq.*, C.R.S.

Request: The Department requests a continuation-level appropriation of \$96,559 federal funds and 2.0 FTE for FY 2016-17.

Recommendation: Staff recommends approving the Department request. This funding is from a federal grant and is included in the Long Bill for informational purposes only.

Plugging and Reclaiming Abandoned Orphaned Wells (as recommended by JBC staff)

This line item provides funding to plug and reclaim orphaned oil and gas well sites where there is no known responsible party or financial bonds are insufficient to fully cover the cost of reclamation. The source of funds is the Oil and Gas Conservation and Environmental Response Fund. The General Assembly increased the appropriation for this line item to \$445,000 in FY 2011-12 to respond to an increasing workload for the program.

Statutory Authority: Section 34-60-101 *et seq.*, C.R.S.

Request: The Department requests a continuation-level appropriation of \$445,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request and further recommends the name of the line item be changed to "Plugging and Reclaiming *Orphaned Wells*" (see page 45 for a discussion of this JBC staff initiated change).

Environmental Assistance and Complaint Resolution

This line item funds environmental assistance projects such as baseline water quality studies, studies on the beneficial reuse of production wastes, remediation projects, and studies to better understand air emissions from oil and gas activities. Funding is also used for water, soil, and air sampling in response to citizen complaints, reported spills, and field investigations. This line provides funding for on-going studies and emergent issues with a direct link to protecting public safety. The source of funds is the mill levy deposited in the Oil and Gas Conservation and Environmental Response Fund established in Section 34-60-122 (5), C.R.S.

Statutory Authority: Section 34-60-101 *et seq.*, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$312,033 cash funds for FY 2016-17. Staff recommends approving the Department request as it is generally consistent with prior year expenditures from this line item.

Emergency Response

This line item is intended to be used—if and when necessary—for emergency response. The OGCC also uses this line item to address high-risk wells that have been orphaned and require immediate reclamation work to stabilize. Prior to 2006, there were a number of emergency funding requests both during the session and during the interim. The line was created out of concern that emergency funding would be necessary during a time when the JBC was not meeting during the interim, delaying a response until the approval of an interim supplemental. The current appropriation was set at \$1,000,000 with water-related emergencies in mind, particularly ones that may occur in areas where wells are the primary source of water. Please note, however, that emergency response expenditures have never exceeded \$350,000 in a given year since it was established in FY 2007-08.

Although the Department must plan to have the full amount available each year, most is reverted back to the Response Fund. In accordance with a request for information associated with the line item, the Department submits a report detailing expenditures under the line item each year.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Based on the report accompanying the FY 2016-17 budget request, the OGCC appears to be using the appropriation as intended.

Statutory Authority: Section 34-60-101 *et seq.*, C.R.S.

Request: The Department requests a continuation-level appropriation of \$1,000,000 cash funds for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$750,000, which includes a reduction of \$250,000 cash funds as part of the JBC initiated fund source adjustment to address the anticipated revenue shortfall in the Response Fund. This is primarily a technical adjustment to apply assumptions about emergency response expenditures to both FY 2016-17 and FY 2017-18. Reducing the Emergency Response appropriation has the effect of increasing the estimated ending balance of the Response Fund to \$571,283, thus reducing the amount of severance tax offset by an additional \$250,000 in FY 2016-17. See *page 39* for additional detail on the JBC staff initiated OGCC fund source adjustment.

Oil and Gas Conservation Commission, Emergency Response						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
JBC staff initiated OGCC fund source adjustment	<u>(250,000)</u>	<u>0</u>	<u>(250,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$750,000	\$0	\$750,000	\$0	\$0	0.0
Increase/(Decrease)	(\$250,000)	\$0	(\$250,000)	\$0	\$0	0.0
Percentage Change	(25.0%)	n/a	(25.0%)	n/a	n/a	n/a
FY 2016-17 Executive Request:	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$250,000	\$0	\$250,000	\$0	\$0	0.0

Special Environmental Protection and Mitigation Studies

The General Assembly created this line item in FY 2006-07 with an appropriation of \$500,000 cash funds from the Oil and Gas Conservation and Environmental Response Fund, but reduced funding to the current level of \$325,000 cash funds in FY 2009-10. A footnote attached to the line item explains the purpose as follows:

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

Statutory Authority: Section 34-60-101 *et seq.*, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$325,000 cash funds for FY 2016-17. Staff recommends approving the Department request.

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the OGCC. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

Request and Recommendation: The Department requests an appropriation of \$500,010 total funds for FY 2016-17. This represents a decrease in indirect cost recoveries collected from this division. Staff recommends approving the Department request. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policies for FY 2016-17.

(4) State Board of Land Commissioners

The State Land Board manages agricultural, commercial, mineral, and other leases on state-owned lands, and is charged with generating reasonable and consistent revenue for eight trust beneficiaries over time. Total trust assets include approximately 2.8 million surface acres and 4.0 million mineral or subsurface acres. The Public School Trust benefiting K-12 education is the largest of the eight trusts managed by the State Land Board, accounting for approximately 95 percent of total trust lands and 99 percent of total trust revenues. In FY 2014-15, the School Trust had record high earnings of \$189.5 million in revenue, driven primarily by royalty and bonus payments from oil and gas production on state trust lands.

The seven smaller trusts managed by the State Land Board benefit a range of entities including institutions of higher education, state parks, and the Department of Corrections. Revenues for these trusts ranged from \$27,700 to \$1.1 million in FY 2014-15, and account for the remaining 1.0 percent of total trust revenues.

State Board of Land Commissioners						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$4,801,909</u>	<u>\$0</u>	<u>\$4,576,909</u>	<u>\$225,000</u>	<u>\$0</u>	<u>40.0</u>
TOTAL	\$4,801,909	\$0	\$4,576,909	\$225,000	\$0	40.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$4,801,909	\$0	\$4,576,909	\$225,000	\$0	40.0
R1 SLB ATLAS licenses	90,000	0	90,000	0	0	0.0
R3 SLB Asset Manager FTE	61,332	0	61,332	0	0	1.0
Annualize prior year budget actions	62,292	0	62,292	0	0	0.0
Adjustments to indirect cost assessments	<u>(24,314)</u>	<u>0</u>	<u>(24,314)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,991,219	\$0	\$4,766,219	\$225,000	\$0	41.0
Increase/(Decrease)	\$189,310	\$0	\$189,310	\$0	\$0	1.0
Percentage Change	3.9%	n/a	4.1%	0.0%	n/a	2.5%
FY 2016-17 Executive Request:	\$5,001,915	\$0	\$4,776,915	\$225,000	\$0	41.0
Request Above/(Below) Recommendation	\$10,696	\$0	\$10,696	\$0	\$0	0.0

DECISION ITEMS – STATE LAND BOARD

The Department request for FY 2016-17 includes two decision items that impact the State Land Board ("R1 State Land Board ATLAS licenses" and "R3 State Land Board Asset Manager

FTE"), discussed on *pages 6 and 7* in the "Decision Items Affecting Multiple Divisions" section at the beginning of this document.

LINE ITEM DETAIL – STATE LAND BOARD

Program Costs

This line item supports the State Land Board's administrative and operating costs. The appropriation is mostly supported by revenues earned on school trust lands from the State Land Board Trust Administration Cash Fund (Section 36-1-145 (2) (a) C.R.S.). It also includes \$75,000 cash funds from the Land and Water Management Fund, established in Section 36-1-148 (1), C.R.S., to be used for the management and improvement of state-owned lands and waters under the control of the State Land Board. This fund receives revenues from fees collected for the issuance of leases, patents, certificates of purchase, rights of way documents, and recording assignments for the making of township plats.

Statutory Authority: Article IX of the Colorado Constitution, Article 1 of Title 36, C.R.S., and Section 24-35-115, C.R.S.

Request: The Department requests an appropriation of \$4,553,080 cash funds and 41.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay, as well as:

- an increase of \$90,000 cash funds as part of the Department's R1 request to transfer ongoing funding for ATLAS licenses to this line item; and
- an increase of \$72,028 and 1.0 FTE for the Department's R3 request to add an Asset Manager position on the West Slope.

Recommendation: Staff recommends an appropriation of \$4,542,384 cash funds and 41.0 FTE. Please see *page 6* for a discussion of the Department's R1 request (ATLAS licenses) and *page 7* for a discussion of the Department's R3 request (Asset Manager FTE).

State Board of Land Commissioners, Program Costs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$4,328,760</u>	<u>\$0</u>	<u>\$4,328,760</u>	<u>\$0</u>	<u>\$0</u>	<u>40.0</u>
TOTAL	\$4,328,760	\$0	\$4,328,760	\$0	\$0	40.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$4,328,760	\$0	\$4,328,760	\$0	\$0	40.0
R1 SLB ATLAS licenses	90,000	0	90,000	0	0	0.0
R3 SLB asset manager FTE	61,332	0	61,332	0	0	1.0
Annualize prior year budget actions	<u>62,292</u>	<u>0</u>	<u>62,292</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,542,384	\$0	\$4,542,384	\$0	\$0	41.0

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

State Board of Land Commissioners, Program Costs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$213,624	\$0	\$213,624	\$0	\$0	1.0
Percentage Change	4.9%	n/a	4.9%	n/a	n/a	2.5%
FY 2016-17 Executive Request:	\$4,553,080	\$0	\$4,553,080	\$0	\$0	41.0
Request Above/(Below) Recommendation	\$10,696	\$0	\$10,696	\$0	\$0	0.0

Public Access Program Damage and Enhancement Costs

The General Assembly created this line item in FY 2010-11 to reflect expenditures associated with the Public Access Program, a collaborative effort with the Division of Parks and Wildlife (CPW). CPW leases approximately 550,000 acres from the State Land Board for public access hunting and fishing. The program generates \$900,000 per year for the Land Board, which spends approximately 25.0 percent of that funding on access improvements, damage repairs, and property enhancement for public access properties. The funds are classified as reappropriated funds in the State Land Board's budget.

Statutory Authority: Article IX of the Colorado Constitution, Article 1 of Title 36, C.R.S., and Section 24-35-115, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$225,000 reappropriated funds for FY 2016-17. Staff recommends approving the Department's request.

Asset Management System Upgrade

This line item was included in the budget for the State Land Board from FY 2012-13 and FY 2013-14 to support the development of a new asset management system for the State Land Board, now known as ATLAS (Automated Trust Land Asset System). The initial appropriation was for \$750,000 cash funds per year. Spending authority was extended through the end of FY 2015-16 by the addition of a footnote through the supplemental process in FY 2014-15 (H.B. 14-1242). This line item was eliminated in the 2015 Long Bill as no additional appropriations were required for the implementation of the ATLAS project.

Indirect Cost Assessment

This line item reflects indirect cost assessments to cash funds within the State Land Board. The Department uses indirect cost recoveries to offset General Fund that would otherwise be required to pay for centralized services provided by the Executive Director's Office.

Request and Recommendation: The Department requests an appropriation of \$223,835 cash funds for FY 2016-17. This represents a decrease in indirect cost recoveries collected from this division. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policies for FY 2016-17.

(5) Division of Parks and Wildlife

The Division of Parks and Wildlife (CPW) provides recreational opportunities at 42 state parks, manages 960 game and non-game wildlife species, issues hunting and fishing licenses, enforces wildlife regulations, and oversees more than 295 state wildlife areas. CPW is the product of a merger between the Division of Parks and Outdoor Recreation and the Division of Wildlife approved by the General Assembly in S.B. 11-208. The goal of the merger was to provide costs savings in response 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, and the JBC approved a reorganization of the CPW Long Bill in FY 2014-15 to more accurately reflect the post-merger structure of the division.

Division of Parks and Wildlife						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$139,653,033	\$0	\$117,785,467	\$0	\$21,867,566	886.5
Other legislation	<u>150,000</u>	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$139,803,033	\$150,000	\$117,785,467	\$0	\$21,867,566	886.5
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$139,803,033	\$150,000	\$117,785,467	\$0	\$21,867,566	886.5
R2 CPW digital radio replacement	1,024,000	0	1,024,000	0	0	0.0
R4 CPW FTE transfer	0	0	0	0	0	0.0
JBC staff initiated line item adjustments	(1,118,699)	0	(668,699)	0	(450,000)	0.0
Annualize prior year budget actions	1,221,586	0	1,221,586	0	0	0.0
Adjustments to indirect cost assessments	<u>(207,464)</u>	<u>0</u>	<u>(235,870)</u>	<u>0</u>	<u>28,406</u>	<u>0.0</u>
TOTAL	\$140,722,456	\$150,000	\$119,126,484	\$0	\$21,445,972	886.5
Increase/(Decrease)	\$919,423	\$0	\$1,341,017	\$0	(\$421,594)	0.0
Percentage Change	0.7%	0.0%	1.1%	n/a	(1.9%)	0.0%
FY 2016-17 Executive Request:	\$141,841,155	\$150,000	\$119,795,183	\$0	\$21,895,972	886.5
Request Above/(Below) Recommendation	\$1,118,699	\$0	\$668,699	\$0	\$450,000	0.0

DECISION ITEMS – DIVISION OF PARKS AND WILDLIFE

The Department request for FY 2016-17 includes two decision items that impact the Division of Parks and Wildlife ("R2 CPW digital radio replacement" and "R4 CPW FTE transfer"), discussed on the following pages. Additionally, there is a JBC staff initiated adjustment eliminating two line items in the division that are no longer required and reducing unused

spending authority for information technology expenditures. Please see *page 12* in the "Decision Items Affecting Multiple Divisions" section at the beginning of this document for more detail.

➔ R2 Colorado Parks and Wildlife (CPW) digital radio replacement

Request: The Department request includes an increase of \$1,024,000 cash funds to replace obsolete radios currently used by CPW staff and volunteers. Of this amount, \$341,000 would be from the Parks and Outdoor Recreation Cash Fund for radios used by State Parks personnel and \$683,000 would be from the Wildlife Cash Fund for radios used by Wildlife personnel. This appropriation would be required each year for four years starting in FY 2016-17.

Recommendation: Staff recommends approving the Department request. Ensuring CPW personnel have reliable, up-to-date radio technology to communicate with one another and with outside law enforcement agencies is essential for public safety and the safety of division staff and volunteers. Radios are also used for to facilitate customer service and work coordination among staff, both of which are central to daily operations.

Background Information

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

However, almost 80 percent of the radios used by CPW staff and volunteers are now obsolete and are no longer supported by the manufacturer. Additionally, these radios do not meet interoperability compliance standards through the Office of Information Technology (OIT), and in some cases cannot communicate with other agencies that use encrypted channels (e.g. law enforcement, first responders, counties, and municipalities). The last large-scale replacement of CPW radios was grant funded by OIT and occurred between 1998 and 2005. No formal replacement or maintenance plan was instituted at the time of purchase and radios have been replaced individually as needed.

Department Request

To address these issues, the Department requests an increase of \$1,024,000 cash funds per year for four years to replace the existing inventory of old radios with Motorola APX6000 and APX6500 models that have dual-band capabilities (both 700 MHz and 800 MHz channels) and up-to-date encryption technology. This would ensure that CPW personnel could communicate with all law enforcement agencies and first responders in the event of an emergency. The new radios have a useful lifespan of 10 years and CPW intends to implement a regular replacement cycle based on existing replacement protocols used by Colorado State Patrol for both mobile and portable radios. Please note, CPW has been coordinating actively with OIT and OIT is

supportive of the request. Once new radios are purchased, OIT will be responsible for their programming and installation.

Cost of Equipment and Potential Alternatives

CPW estimates it will be able to obtain new radios with backup batteries and other accessories for a maximum average cost of \$4,000 per radio, which factors in a difference in price between mobile (in-vehicle) and portable (handset) units. For purposes of comparison, staff looked at recent funding requests for radios from other executive branch agencies and found that the price per unit for portable radios in the CPW request is consistent with prices identified in earlier decision items, i.e. \$3,730 per unit plus the cost of accessories for CPW (e.g. blue tooth ear pieces, cases, and extra batteries), \$3,745 per unit for the Department of Corrections in FY 2015-16, and \$3,775 per unit for the Colorado State Patrol in FY 2014-15. However, the final price per unit for CPW could potentially be reduced by volume discounts from purchasing radios with other state agencies and recouping the trade-in value of some of the older units being replaced.

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

1. CPW indicated that all personnel need to be able to communicate directly with outside agencies and to report emergencies using the same radio system. This includes seasonal staff and volunteers, who are often responsible for meeting first responders and guiding them to the location of incidents. The ability to quickly reach outside agencies is particularly important for smaller state parks that rely on volunteers and may not have resources on-site to respond to emergency situations. Also, CPW often shares borders with properties under the jurisdiction of other agencies, necessitating a cooperative response to things like wildfires that tend to ignore boundary lines.
2. In terms of available alternatives, CPW does not believe there are any better options than radios at this time. Satellite phones are expensive and only allow communication between two people, rather than groups of users. Also, any new radios would work as well as any currently available technology, particularly since CPW personnel are sometimes located in very remote areas.

Impact on CPW Cash Funds

The total cost of radio replacement will be split between the Parks and Outdoor Recreation (Parks) Cash Fund and the Wildlife Cash Fund based on the number of radios each agency requires. This amounts to expenditures of approximately \$341,000 per year from the Parks Cash Fund and \$683,000 per year from the Wildlife Cash Fund, although this mix of funding may change slightly from year to year based on the proportion of radios being replaced in each section (e.g. Wildlife may replace more radios in a given year, increasing the amount required from the Wildlife Cash Fund).

At the time of the JBC staff briefing for the Department, the reports for CPW cash funds that usually accompany the annual budget request had not been submitted. However, CPW indicated to staff that the Parks Cash Fund was expected to break even in coming years, while the Wildlife

Cash Fund was expected to have a gradually declining balance over time. Staff received the detailed reports on January 5, 2016, which support those general assessments of the status of both cash funds:

- Parks Cash Fund
The Parks Cash Fund (PCF) has an annual cash flow of approximately \$51 million. Based on projections for FY 2016-17, the requested funding for radios would increase anticipated expenditures by 0.7 percent. After accounting for the amount of the request, PCF expenditures are projected to exceed revenues by \$139,000 in FY 2016-17, a margin of 0.3 percent.

- Wildlife Cash Fund
The Wildlife Cash Fund (WCF) has an annual cash flow of more than \$135 million and the request will increase estimated expenditures from the WCF by 0.5 percent in FY 2016-17. Projections indicate WCF expenditures will exceed revenue by \$1.9 million in the current fiscal year and \$2.6 million, or 1.9 percent, in FY 2016-17. Please note it is CPW Commission policy to maintain a target minimum reserve between \$17.5 million and \$19.5 million calculated based on FY 2014-15 actuals.³ The WCF was in compliance with this policy in FY 2014-15 with a reserve of \$19.9 million, but that reserve will decrease to \$15.5 million by the end of FY 2016-17.

Overall, the relative impact of the request on both the PCF and the WCF is quite small. Although expenditures are currently projected to exceed revenues for both funds in FY 2016-17, a small fluctuation in either could easily shift the fund into or farther out of balance. The current numbers are based on the assumption that fund revenues and expenditures will remain relatively stable going forward, but any future change that departs from this assumption will also affect the status of the funds (e.g. a fee increase or a dam safety emergency). Importantly, the request is a very high priority for CPW because intra- and inter-agency communication is critical for public safety. With specific reference to the Wildlife Cash Fund, the Department indicated that if expenditures need to be cut because of a revenue shortfall, CPW would continue replacing radios and make reductions to other Wildlife programs to balance the fund.

Summary Conclusions and Staff Recommendation

To be clear, staff does not consider it ideal to recommend an increase in cash funds spending authority that may or may not be supported by available revenue over the next several years. The long-term outlook for both cash funds remains a concern. However, given the small size of the request relative to the size of the cash funds, the Department's stated intent to prioritize radio replacement over other expenditures in the event of a revenue shortfall, and the very serious safety considerations behind ensuring radios are reliable and up-to-date, staff recommends approving the Department request.

³ It is CPW Commission policy that the minimum reserve for the Wildlife Cash Fund is between \$7.0 million and \$9.0 million plus the amount of the reserve that is attributable to Habitat Stamp Funds. At the end of FY 2014-15, the unexpended balance of Habitat Stamp Funds was \$10.5 million so the Wildlife Cash Fund was in compliance with the reserve policy with net current assets of \$19.9 million.

➔ R4 Colorado Parks and Wildlife (CPW) FTE transfer

Request: The Department requests a net-zero transfer of 3.0 FTE from the Wildlife Operations line item to the Habitat Partnership Program (HPP) line item to replace the independent contractors currently responsible for administering the HPP with permanent staff.

Recommendation: Staff recommends approving the Department request.

Analysis: The Habitat Partnership Program works to reduce fence and forage conflicts between wildlife—mostly deer, elk, pronghorn, and moose—and landowners, land managers, sportsmen, and the public. Program objectives include: increasing landowner tolerance for wildlife on private property, encouraging better management of private and public lands, increasing big game herd sizes, and expanding hunting opportunities. The program is administered by CPW and implemented through a volunteer statewide Habitat Partnership Council and 19 local Habitat Partnership Committees.

Revenue supporting the program comes from the sale of big game hunting licenses. Pursuant to Section 33-1-112 (8), C.R.S., 5.0 percent of the fees from licenses sold in the geographic areas with active local HPP Committees is transferred to the Habitat Partnership Cash Fund which is continuously appropriated to CPW for the administration of the program. This amounts to approximately \$2.2 million per year, but this funding is generally leveraged to secure financial matches or in-kind contributions for approved projects. For example, in FY 2014-15, the program spent \$2.3 million, but secured \$5.6 million in matching cash contributions, as well as in-kind services valued at \$4.2 million and 21,700 hours of labor from project partners. Typical projects that receive HPP funding include habitat improvement, fencing projects, and game damage projects, although local committees can review any projects that address local problems with big game so long as it is directly related to the purpose of the program.

HPP operations and project management are currently being handled by independent contractors. This includes: coordinating and attending all local committee meetings; serving as the primary point of contact for potential applicants; acting as a liaison between committees, applicants, and contractors; managing projects; performing project evaluations; and arranging payments. This requires extensive knowledge of the program and these duties cannot be taken on by existing CPW staff in addition to current workload requirements. Additionally, the Department indicated that the work currently done by contractors is regular and ongoing, and feels that it would be more efficient and effective to use permanent staff. Full time program staff are expected to develop a higher level of proficiency, retain information required to support local Habitat Partnership Committees over time, and improve the quality of work produced.

Each local HPP Committee has a budget of \$5,000 per year for contractor services for a total of \$95,000 per year. This amount would be reallocated to support the permanent staff transferred to the HPP and any additional expenditures can be absorbed within existing resources. The 3.0 FTE the Department is proposing to transfer from the Wildlife Operations line item are currently vacant and unfunded due to recent efforts to implement a \$10.0 million budget reduction strategy. As a result, the Department request does not include any transfer of funding or spending authority to accompany the FTE.

Please note, the Department's FY 2015-16 SMART Act Performance Plan identifies a number HPP performance measures as important to the Department's larger strategic policy initiative related to state land management and the promotion of hunting and fishing programs statewide. These measures include: (1) annual HPP funding, which is projected to grow by 7.5 percent by the end of FY 2017-18; and (2) the number of acres improved by HPP, about 26,900 acres each year on average. However, program funding is tied to big game hunting licenses in a fixed manner and will follow sales trends accordingly, and the number of acres is influenced by factors largely outside the Department's control (e.g. weather conditions or planning required for multi-year projects). As such, aside from confirming that program funding is sufficient to support the transferred FTE, staff has not incorporated this data in the analysis of the Department's decision item or the requested appropriation for the HPP line item.

LINE ITEM DETAIL – DIVISION OF PARKS AND WILDLIFE

(A) Colorado Parks and Wildlife Operations

State Park Operations

The State Park Operations line item funds the ongoing operations and administrative staff at all state parks and central offices. This includes personal services, operating expenses, and utility expenses, as well as a seasonal work program that enables CPW to hire temporary staff to assist at state parks during the busy season. Most of the funding for this line item is from the Parks and Outdoor Recreation Cash Fund, which is predominantly supported by revenue from fees, passes, and registrations. Other sources of funding include Lottery proceeds and grants from the Great Outdoors Colorado (GOCO) program, both informational, and Tier I of the Severance Tax Operational Fund. State Parks also receives \$150,000 General Fund to offset the cost of providing free admission to state parks and recreation areas for veterans in the month of August (H.B. 15-1045 Veterans Entrance Fee State Parks).

Statutory Authority: Sections 33-10-101 to 33-13-116, C.R.S., and Section 33-60-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$29,531,592 total funds, including \$150,000 General Fund, and 255.1 FTE for FY 2016-17. This includes: (1) the annualization of prior year salary survey and merit pay; and (2) an increase of \$340,992 cash funds for State Parks' share of the Department's R2 request to begin replacing CPWs inventory of digital radios.

Recommendation: Staff recommends approving the Department request. As shown in the following table, this includes funding for request "R2 CPW digital radio replacement". Please see *page 55* of this document for additional discussion regarding this item.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Parks and Wildlife, Colorado Parks and Wildlife Operations, State Park Operations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$28,679,044	\$0	\$28,234,238	\$0	\$444,806	255.1
Other legislation	<u>150,000</u>	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$28,829,044	\$150,000	\$28,234,238	\$0	\$444,806	255.1
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$28,829,044	\$150,000	\$28,234,238	\$0	\$444,806	255.1
R2 CPW digital radio replacement	340,992	0	340,992	0	0	0.0
Annualize prior year budget actions	<u>361,556</u>	<u>0</u>	<u>361,556</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,531,592	\$150,000	\$28,936,786	\$0	\$444,806	255.1
Increase/(Decrease)	\$702,548	\$0	\$702,548	\$0	\$0	0.0
Percentage Change	2.4%	0.0%	2.5%	n/a	0.0%	0.0%
FY 2016-17 Executive Request:	\$29,531,592	\$150,000	\$28,936,786	\$0	\$444,806	255.1
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Wildlife Operations

This line item was established in FY 2014-15 to better reflect division operations after the S.B. 11-208 merger of the Division of Parks and Outdoor Recreation and the Division of Wildlife. It combines the functions of the following line items from the prior Long Bill structure:

1. ***Director's Office***, with responsibility for the overall management and oversight of wildlife activities including policy development and implementation, budgeting, program evaluation, and grant administration;
2. ***Wildlife Management***, which manages hunting and fishing opportunities, maintains healthy wildlife populations, preserves and enhances wildlife habitat, and engages in public awareness and educational outreach programs; and
3. ***Technical Services***, which provides administrative support, engineering services to manage and maintain capital construction projects, and facilities management for Wildlife programs.

The new line item accounts for a significant number of programs, projects, and responsibilities that were covered under each of the former Wildlife subdivision line items. Programs supporting the main activities of the former Wildlife Management line item include, but are not limited to, customer service, wildlife conservation, research, aquatic conservation, law enforcement, and CPW's regional activities (such as energy extraction impacts on wildlife habitats). Administrative responsibilities from the former Technical Services line item include accounting and cash management, contracting, procurement, labor data collection, license services, human resources, and legal services. The Engineering Services component includes designing and managing capital construction projects. Facilities management included the maintenance of

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administrative facilities (offices and customer service centers) and the operation of the Division’s vehicle fleet. Each of these functions is now accounted for under the new Wildlife Operations line item.

Statutory Authority: Sections 31-1-101 to 33-6-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$82,324,795 total funds and 619.6 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay, as well as:

- an increase of \$340,992 cash funds for Wildlife's share of the Department's R2 request to begin replacing CPWs inventory of radios; and
- a decrease of 3.0 FTE as part of the Department's R4 request to transfer vacant FTE from the Wildlife Operations line item to the Habitat Partnership Program to replace contractors with permanent staff.

Recommendation: Staff recommends approving the Department request. As shown in the following table, this includes funding for request "R2 CPW digital radio replacement" and reflects transfer of FTE to the Habitat Partnership Program in request "R4 CPW FTE transfer". Please see *pages 55 and 58* of this document for additional discussion regarding these items.

Division of Parks and Wildlife, Colorado Parks and Wildlife Operations, Wildlife Operations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$80,797,076</u>	<u>\$0</u>	<u>\$61,622,393</u>	<u>\$0</u>	<u>\$19,174,683</u>	<u>622.6</u>
TOTAL	\$80,797,076	\$0	\$61,622,393	\$0	\$19,174,683	622.6
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$80,797,076	\$0	\$61,622,393	\$0	\$19,174,683	622.6
R2 CPW digital radio replacement	683,008	0	683,008	0	0	0.0
R4 CPW FTE transfer	0	0	0	0	0	(3.0)
Annualize prior year budget actions	<u>844,711</u>	<u>0</u>	<u>844,711</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$82,324,795	\$0	\$63,150,112	\$0	\$19,174,683	619.6
Increase/(Decrease)	\$1,527,719	\$0	\$1,527,719	\$0	\$0	(3.0)
Percentage Change	1.9%	n/a	2.5%	n/a	0.0%	(0.5%)
FY 2016-17 Executive Request:	\$82,324,795	\$0	\$63,150,112	\$0	\$19,174,683	619.6
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(B) Special Purpose

Line items in this subdivision support programs that have a dedicated funding source or are related to federal programs that do not directly pertain to the operations of the Colorado parks system or wildlife programs.

Snowmobile Program

This line item provides funding for the Snowmobile Program, which is responsible for the registration of snowmobiles, mandatory safety certification of young operators, enforcement of registration requirements, trail marking and signing, establishment and maintenance of snowmobile trails and related facilities. The source of funds is the Snowmobile Recreation Fund, established pursuant to Section 33-14-106, C.R.S. to receive fees from the registration of snowmobiles.

Statutory Authority: Section 33-14-102, C.R.S.

Request: The Department requests an appropriation of \$1,007,952 cash funds and 1.3 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. The Snowmobile Program reverted 25.5 percent of its cash funds appropriation in FY 2014-15, but attributes this to low early-season snowpack that year and grants made from the line item that were not fully expended. The Department views the reversion as atypical and anticipates spending the entire appropriation in FY 2015-16, which is consistent with requested amount in FY 2016-17.

River Outfitters Regulation

The River Outfitter Licensing (ROL) Program is now incorporated as part of the CPW Boating Program, which is comprised of three state parks programs that were combined during the merger. The ROL Program is responsible for the administration of the annual licensing for river outfitters, regulation of the river outfitters, and ensuring the safety of river running activities through inspections. There are over 177 commercial river outfitter companies with approximately 3,000 guides that run adventure rafting and float fishing trips on the majority of the rivers statewide. This program performs inspections on these companies to ensure river outfitters employ qualified personnel, follow appropriate operating parameters and meet minimum equipment standards to ensure customer safety. Funding comes from registration and licensing fee revenue from river outfitters credited to the River Outfitters Cash Fund established pursuant to Section 33-32-111, C.R.S.

Statutory Authority: Section 33-32-103, C.R.S.

Request: The Department requests an appropriation of \$146,975 cash funds and 0.5 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. Please note the Department has identified potential accounting issues affecting expenditures from this line item which may account for recent reversions. Specifically, CPW suspects that some costs are not

being properly assigned to this line item because of the merger of the River Outfitters Program into the larger Boating Program and intends to conduct a review of expenditures to confirm and correct any issues if necessary. In the interim, CPW would prefer to maintain what is essentially a continuation-level appropriation. Staff concurs for the time being, but will revisit the appropriation for this line item in FY 2017-18 based on the conclusions of review by CPW.

Off-Highway Vehicle Program Support

This line item funds the administrative costs of the Off-Highway Vehicle (OHV) Program, which is responsible for the administration of OHV registration and grants. The program provides promotes the availability of OHV recreational opportunities, and encourages safe and responsible use through brochures, news releases and other media. The program is also responsible for OHV safety awareness through the promulgation and enforcement of rules and regulations. Partnerships with land management agencies and enthusiasts are formed to leverage grant funds and promote good management of motorized recreation. Funding is from OHV registration fees credited to the Off- Highway Vehicle Recreation Fund.

Statutory Authority: Section 33-14.5-106, C.R.S.

Request: The Department requests an appropriation of \$550,006 cash funds and 3.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. This line item had reversions in both FY 2013-14 and FY 2014-15, but the Department indicated that this is largely the result of an issue with how the OHV Commission fees were being recorded in CORE (i.e. they were not being charged to this line item properly). The issue has been resolved starting in FY 2015-16 which should align expenditures more closely with the requested appropriation.

Off-Highway Vehicle Direct Services

This line item supports direct services provided by the OHV Program including activities and expenses associated with law enforcement, capital equipment, rescue and first aid equipment, off-highway vehicle facilities, and division and contract services related to clearing parking lots and providing trail maintenance. This is mostly in the form of grants to federal, state, and local government agencies and non-profit user groups to construct and maintain off-highway vehicle trails, parking areas, signage and maps. Funding is from off-highway vehicle registrations collected in the Off-Highway Vehicle Registration Fund. This line item was added during FY 2010-11 as part of a capital construction budget reorganization that moved part of the capital construction budget into the operating budget. As part of this line item, the Committee approved a footnote that authorized three year spending authority and to account for projects that require more than a year of funding to complete.

Statutory Authority: Section 33-14.5-106, C.R.S.

Request: The Department requests a continuation-level appropriation of \$4,000,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department's request. The Department's FY 2015-16 SMART Act Performance Plan identifies the number of OHV Trail Grant awards issued by this program as a primary measure of output for the OHV Program. This is part of the Department's larger strategic policy initiative related to state land management, specifically promoting the responsible development and use of recreational trails. This program has met or exceeded the benchmark number of trail grants awarded in every year since FY 2010-11.

Federal Grants

The Department anticipates the receipt of \$750,000 federal funds in FY 2015-16 related to this line item, which reflects a grant from the United States Coast Guard to fund a portion of the requirements of the federal Boat Safety Act. These moneys are shown for informational purposes only. Half of this money is distributed to local governments and the other half funds state sponsored projects. The Parks and Wildlife Board evaluates the proposals and distributes the funds.

Statutory Authority: Section 33-13-101, C.R.S.

Request: The Department requests a continuation-level appropriation of \$750,000 federal funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. This funding is from a federal grant and is included in the Long Bill for informational purposes only.

S.B. 03-290 Enterprise Fund

This line item appropriates money into the Stores Revolving Fund, which was established pursuant to S.B. 03-290. This fund is used for the acquisition of warehousing stock and distributing supplies for retail sales to park visitors. At the end of every fiscal year, any fund balance exceeding \$200,000 reverts back to the Parks Cash Fund.

Statutory Authority: Section 33-10-111.5, C.R.S.

Request: The Department requests a continuation-level appropriation of \$200,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request as it is consistent with the statutory requirement that the Stores Revolving Fund be maintained with a balance of \$200,000 cash funds.

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 current line item combined duplicate line items within in the former Parks and Outdoor Recreation and Wildlife subdivisions in the old Long Bill structure.

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Statutory Authority: Section 33-10-109, C.R.S.

Request: The Department requests a continuation-level appropriation of \$2,881,895 cash funds for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$2,659,233 cash funds. As shown in the following table, this includes a JBC staff initiated reduction of \$222,672 cash funds to more accurately align appropriations with expenditures. For this line item, the Department attributes recent reversions to conservative spending by CPW due to long-term revenue concerns. Given that these concerns are ongoing, the staff recommendation decreases the appropriation for this line item accordingly. Please see the discussion on *page 12* for summary details on all staff-initiated line item adjustments.

Division of Parks and Wildlife, Special Purpose, Information Technology						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$2,881,895</u>	<u>\$0</u>	<u>\$2,881,895</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$2,881,895	\$0	\$2,881,895	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,881,895	\$0	\$2,881,895	\$0	\$0	0.0
JBC staff initiated line item adjustments	<u>(222,672)</u>	<u>0</u>	<u>(222,672)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,659,223	\$0	\$2,659,223	\$0	\$0	0.0
Increase/(Decrease)	(\$222,672)	\$0	(\$222,672)	\$0	\$0	0.0
Percentage Change	(7.7%)	n/a	(7.7%)	n/a	n/a	n/a
FY 2016-17 Executive Request:	\$2,881,895	\$0	\$2,881,895	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$222,672	\$0	\$222,672	\$0	\$0	0.0

Natural Resource Protection

This line item was added during FY 2010-11 to support the Natural Resources Protection Program responsible for conducting fuels mitigation projects to improve the resilience of state parks areas to recover from wildfires. However, the cost of these activities is now covered by expenditures from other line items in the division and the Department has not made use of this appropriation in recent years.

Statutory Authority: Section 33-60-104 (1) (c), C.R.S.

Request: The Department requests a continuation-level appropriation of \$600,000 total funds for FY 2016-17.

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Recommendation: Staff recommends an appropriation of \$0 total funds, eliminating this line item the CPW budget starting in FY 2016-17. This line item is a remnant left over from before the merger of Parks and Wildlife and the forest health and other activities it used to fund are now covered by other appropriations in the division. The Department does not anticipate any future expenditures out of this line item and is supportive of this recommendation.

Division of Parks and Wildlife, Special Purpose, Natural Resource Protection						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$600,000	\$0	\$150,000	\$0	\$450,000	0.0
TOTAL	\$600,000	\$0	\$150,000	\$0	\$450,000	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$600,000	\$0	\$150,000	\$0	\$450,000	0.0
JBC staff initiated line item adjustments	(600,000)	0	(150,000)	0	(450,000)	0.0
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$600,000)	\$0	(\$150,000)	\$0	(\$450,000)	0.0
Percentage Change	(100.0%)	n/a	(100.0%)	n/a	(100.0%)	0.0%
FY 2016-17 Executive Request:	\$600,000	\$0	\$150,000	\$0	\$450,000	0.0
Request Above/(Below) Recommendation	\$600,000	\$0	\$150,000	\$0	\$450,000	0.0

Trails Grants

The Trails Grants line item was added during FY 2010-11 as part of a capital construction budget reorganization that moved part of the capital construction budget into the operating budget. This program provides technical assistance and training on trail design, development, and maintenance to agencies, communities, and non-profit groups statewide. It provides public information on trails through maps, newsletters, and electronic media. The Trails program also encourages Youth Corp trail projects, volunteerism and public stewardship for trails on public lands. Grants are made to third parties and the work does not result in a physical asset owned by the state. Cash funds in this line item come from Great Outdoors Colorado (GOCO) and lottery proceeds and are shown in the Long Bill for informational purposes only.

Statutory Authority: Sections 33-60-104 (1) (b) and 33-60-104 (1) (c), C.R.S.

Request: The Department requests a continuation-level appropriation of \$2,200,000 total funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. This funding consists of continuously-appropriated cash funds and a federal grant and is included in the Long Bill for informational purposes only.

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 both continuously appropriated. Both funds receive transfers from Tier II of the Severance Tax Operational Fund. This line item is funded from the separate ANS accounts, but combines duplicate line items from the former Parks and Outdoor Recreation and Wildlife subdivisions. The appropriation is included in the Long Bill for informational purposes only.

Statutory Authority: Sections 33-10.5-101 to 33-10.5-108, C.R.S.

Request: The Department requests an appropriation of \$3,886,424 cash funds and 4.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. This funding is from continuously appropriated cash funds and is included in the Long Bill for informational purposes only. The Department's FY 2015-16 SMART Act Performance Plan identifies the number of waters closed due to aquatic nuisance species as a primary measure of success for a strategic policy initiative related to state land management, specifically the promotion of hunting, fishing, and wildlife viewing. The goal of the ANS program is to prevent any waters being infected and closed to recreation due to the presence of aquatic nuisance species. To date, the program has been successful in meeting the benchmark of zero waters closed.

Game Damage Claims and Prevention

The Game Damage program is a prevention and reimbursement program that compensates ranchers, farmers, and landowners for damage caused by big game animals. This line item also includes funds for the purchase of fencing, pyrotechnics and other materials provided to landowners to prevent damage (and potential CPW liability) to standing and harvested crops, forage, and other property. Approximately half of the expenditures for this line item are for game damage prevention and the other half is for claims. However, spending on claims is unpredictable and dependent upon a myriad of factors, including the weather.

Statutory Authority: Sections 33-3-101 *et seq.*, C.R.S.

Request: The Department requests a continuation-level appropriation of \$1,282,500 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. As mentioned above, expenditures from this line item can fluctuate based on the number of claims filed in a given year. Maintaining the continuation-level appropriation will allow the Department flexibility to pay out claims as necessary.

Instream Flow Program

Funds appropriated to this line item are transferred to the Colorado Water Conservation Board (CWCB) to support the instream flow program. Pursuant to Section 37-92-102(3) C.R.S., the

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CWCB uses the funds to acquire water rights and secure minimum stream flows and lake volumes to preserve the natural environment and maintain native aquatic wildlife populations.

Statutory Authority: Sections 33-1-101 *et seq.*, 33-2-101 *et seq.*, 33-5-101 *et seq.*, and 33-5.5-101 *et seq.*, C.R.S.

Request: The Department requests a continuation-level appropriation of \$296,027 cash funds for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$0 and the elimination of this line item starting in FY 2016-17. In response to an inquiry about expenditures from this line item, the Department indicated that, due to the transition to CORE, the CWCB now charges expenses for the Instream Flow Program directly to the Wildlife Cash Fund instead of using the reappropriated funds from this transfer currently shown in the CWCB Administration – Personal Services line item. As such, this line item is no longer necessary because the transfer from the Wildlife Cash Fund does not occur. As part of this adjustment, staff has also recommended a fund source adjustment in the CWCB to convert reappropriated funds to a direct cash funds appropriation from the Wildlife Cash Fund. The Department is supportive of the recommended changes in both CPW and CWCB (see *page 12*).

Division of Parks and Wildlife, Special Purpose, Instream Flow Program						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$296,027</u>	<u>\$0</u>	<u>\$296,027</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$296,027	\$0	\$296,027	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$296,027	\$0	\$296,027	\$0	\$0	0.0
JBC staff initiated line item adjustments	<u>(296,027)</u>	<u>0</u>	<u>(296,027)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$296,027)	\$0	(\$296,027)	\$0	\$0	0.0
Percentage Change	(100.0%)	n/a	(100.0%)	n/a	n/a	n/a
FY 2016-17 Executive Request:						
Request Above/(Below) Recommendation	\$296,027	\$0	\$296,027	\$0	\$0	0.0

Habitat Partnership Program

The Habitat Partnership Program is managed through 19 local committees and a state council, for the purpose of reducing wildlife conflicts, especially those related to forage and fencing issues. Local committees develop big game distribution management plans designed to minimize such wildlife conflicts. This line item funds fencing projects and performs various habitat

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improvement projects designed to meet game management objectives and to keep big game off of private property. Pursuant to Section 33-1-112 (8) (e), C.R.S., the program is funded by an annual transfer of 5.0 percent of the net sales of big game hunting licenses used in geographic locations represented by a Habitat Partnership Committee. Moneys in the Habitat Partnership Cash Fund are continuously appropriated and included in the Long Bill for informational purposes only.

Statutory Authority: Sections 33-1-110 *et seq.*, and 33-1-112 (8) (a) to 33-1-112 (e), C.R.S.

Request: The Department requests an appropriation of \$2,500,000 cash funds and 3.0 FTE for FY 2016-17. This includes an increase of 3.0 FTE as part of the Department's R4 request to transfer vacant FTE from the Wildlife Operations line item to the Habitat Partnership Program to replace contractors with permanent staff.

Recommendation: Staff recommends approving the Department request. Please see *page 58* for a discussion of the Department's R4 request (CPW FTE transfer).

Division of Parks and Wildlife, Special Purpose, Habitat Partnership Program						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$2,500,000</u>	<u>\$0</u>	<u>\$2,500,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$2,500,000	\$0	\$2,500,000	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,500,000	\$0	\$2,500,000	\$0	\$0	0.0
R4 CPW FTE transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$2,500,000	\$0	\$2,500,000	\$0	\$0	3.0
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	3.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$2,500,000	\$0	\$2,500,000	\$0	\$0	3.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Grants and Habitat Partnerships

This line item, formerly in the Capital Construction budget, contains projects related to (1) grants for habitat improvement on private property under the Pheasant Habitat Partnership Program; (2) small habitat improvement projects on State Wildlife Areas that cost less than \$50,000 each and are more appropriately categorized as operating expenses; and (3) grants for improvements, repairs and development for wetlands and shooting ranges. Appropriations under this line item are available for three years, as authorized in a Long Bill footnote.

Statutory Authority: Sections 33-3-101 *et seq.*, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$1,625,000 cash funds for FY 2016-17. Staff recommends approving the Department request and continuing the Long Bill footnote associated with this line item.

Asset Maintenance and Repairs

This line item is the product of the FY 2014-15 consolidation of two line items with similar functions, one from each of the former Parks and Wildlife subdivisions. The original line items were transferred from the Capital Construction budget in FY 2010-11. The appropriation provides funding for controlled maintenance projects that are 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 updates. Appropriations under this line item are available for three years, as authorized in the Long Bill footnote included below.

Statutory Authority: Sections 33-3-101 *et seq.*, and 24-75-112, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$2,606,880 cash funds for FY 2016-17. Staff recommends approving the Department request and the continuation of the footnote associated with this line item.

Beaver Park Dam Repayment

This line item was moved from the capital construction budget to CPWs operating budget in FY 2015-16. It provides spending authority for CPW to repay the Colorado Water Conservation Board for a \$10 million loan for improvements to the dam at Beaver Park Reservoir. This zero interest loan is being repaid at \$333,333 per year for 30 years.

Statutory Authority: Section 33-29-109 (2) (a) (X), C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$333,333 cash funds for FY 2016-17. Staff recommends approving the Department request as it is consistent with the terms of the agreement between CPW and the CWCB regarding the repayment of the loan.

Indirect Cost Assessment

This line item reflects indirect cost assessments to cash and federal funds within the Division of Parks and Wildlife. The Department uses indirect cost recoveries to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

Request and Recommendation: The Department requests an appropriation of \$5,117,776 total funds for FY 2016-17. This represents a net decrease in indirect cost recoveries collected from this division. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policies for FY 2016-17.

(6) Colorado Water Conservation Board

The Colorado Water Conservation Board (CWCB) was created in 1937 with a mission to conserve, develop, protect, and manage Colorado’s water for present and future generations. Section 37-60-104 (1), C.R.S., defines the requirement of the 15-member Board of Directors and Section 37-60-106, C.R.S., describes the duties of those board members “to promote the conservation of the waters of the state of Colorado in order to secure the greatest utilization of such waters and the utmost prevention of floods.”

The CWCB has access to two large cash fund accounts, the CWCB Construction Fund and the Severance Tax Perpetual Base Fund, to provide loans and grants for projects that will increase the beneficial consumptive use of Colorado's undeveloped compact entitled waters.

Colorado Water Conservation Board						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$8,848,302	\$0	\$8,376,495	\$291,587	\$180,220	45.7
Other legislation	<u>7,477,240</u>	<u>0</u>	<u>7,477,240</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$16,325,542	\$0	\$15,853,735	\$291,587	\$180,220	45.7
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$16,325,542	\$0	\$15,853,735	\$291,587	\$180,220	45.7
JBC staff initiated line item adjustments	(89,942)	0	201,645	(291,587)	0	0.0
JBC staff initiated CWCB footnotes	0	0	0	0	0	0.0
Annualize prior year budget actions	73,709	0	70,993	0	2,716	0.0
Annualize prior year legislation	(5,141,000)	0	(5,141,000)	0	0	0.0
Adjustments to indirect cost assessments	<u>(102,354)</u>	<u>0</u>	<u>(109,868)</u>	<u>0</u>	<u>7,514</u>	<u>0.0</u>
TOTAL	\$11,065,955	\$0	\$10,875,505	\$0	\$190,450	45.7
Increase/(Decrease)	(\$5,259,587)	\$0	(\$4,978,230)	(\$291,587)	\$10,230	0.0
Percentage Change	(32.2%)	n/a	(31.4%)	(100.0%)	5.7%	0.0%
FY 2016-17 Executive Request:	\$11,155,897	\$0	\$10,673,860	\$291,587	\$190,450	45.7
Request Above/(Below) Recommendation	\$89,942	\$0	(\$201,645)	\$291,587	\$0	0.0

DECISION ITEMS – COLORADO WATER CONSERVATION BOARD

The Department request for FY 2016-17 did not include any decision items or budget amendments that impact the CWCB. However, there are two JBC staff-initiated changes in this division: the JBC staff initiated line item adjustments are discussed in the "Decision Items

Affecting Multiple Divisions" section at the beginning of this document, and the JBC staff initiated CWCB footnotes are addressed below.

➔ JBC staff initiated CWCB footnotes

Request: This is a JBC staff initiated change on behalf of the Department. The Department submitted two memos on February 4, 2016, suggesting the addition footnotes to provide roll-forward spending authority for two grant programs established by legislation during the 2015 session: the Invasive Phreatophyte Grant Program and the Emergency Dewatering Grant Program. For reference, these memos are included in *Appendix B*.

Recommendation: Staff recommends the addition of both footnotes authorizing roll-forward spending authority for both these grant programs through the end of FY 2017-18, as suggested by the Department.

Analysis: The *CWCB Invasive Phreatophyte Control Grant Program* (IPCP) was established by H.B. 15-1006 and funded through a transfer from Tier II of the Severance Tax Operational Fund to the CWCB Construction Fund. The IPCP provides cost share assistance to control or eradicate invasive phreatophytes (e.g. tamarisk and Russian olive) and restore riparian areas. The Department indicated that, once approved and contracted, these projects take a number of years to complete successfully from removal through the revegetation process. However, the appropriations clause included in the bill included standard language that only authorized funding in FY 2015-16, requiring that all funds be expended in one year. The first projects will not start until late spring or early summer of 2016 and the current spending authority will expire shortly thereafter. The Department request for FY 2016-17 would allow the IPCP to access any unexpended funds from FY 2015-16, but the Department suggested the addition of a footnote to authorize roll-forward spending authority for a third year (through the end of FY 2017-18) as the completion date of most of the approved projects are scheduled for Spring 2018.

The *Emergency Dewatering Grant Program* (EDP), which provides grants for emergency dewatering projects in areas experiencing damaging high groundwater levels, has a similar problem. House Bill 15-1178 provided funding for the EDP with two transfers from the General Fund to the CWCB Construction Fund for program implementation, one in FY 2015-16 and one in FY 2016-17. Again, the included appropriation clause only authorized expenditures in a single year. The CWCB indicated that difficulties with securing necessary permissions for an approved project and the later submission of other grant applications have made full expenditure of the FY 2015-16 appropriation unlikely and pushed back the timeline for spending the FY 2016-17 appropriation. As a result, the Department suggested the addition of a footnote to authorize roll-forward spending authority for the FY 2016-17 appropriation (year 2) through the end of FY 2017-18. The Department indicated it may request an appropriation for any unexpended funds from FY 2015-16 in the FY 2017-18 budget.

LINE ITEM DETAIL – COLORADO WATER CONSERVATION BOARD

(A) Administration

Personal Services

This line item provides funding for salaries and associated expenses for program staff in the Colorado Water Conservation Board.

Statutory Authority: Articles 60 to 69 of Title 37, C.R.S.

Request: The Department requests an appropriation of \$3,127,556 total funds and 30.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$3,127,556 total funds and 30.0 FTE. However, the recommendation includes a staff-initiated increase of \$291,587 cash funds with a corresponding decrease in reappropriated funds (net-zero) to more accurately reflect funding for the Instream Flow Program. In response to an inquiry about expenditures from this line item, the Department indicated that, due to the transition to CORE, the CWCB now charges expenses for the Instream Flow Program directly to the Wildlife Cash Fund instead of using the reappropriated funds from this transfer currently shown in the CWCB Administration – Personal Services line item. As such, the transfer of funds from CPW to the CWCB no longer occurs and it is more accurate to reflect the appropriation as cash funds going forward. The Department is supportive of the recommended changes in both CPW and CWCB (see page 12).

Colorado Water Conservation Board, Administration, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$3,076,632</u>	<u>\$0</u>	<u>\$2,785,045</u>	<u>\$291,587</u>	<u>\$0</u>	<u>30.0</u>
TOTAL	\$3,076,632	\$0	\$2,785,045	\$291,587	\$0	30.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$3,076,632	\$0	\$2,785,045	\$291,587	\$0	30.0
Annualize prior year budget actions	50,924	0	50,924	0	0	0.0
JBC staff initiated line item adjustments	<u>0</u>	<u>0</u>	<u>291,587</u>	<u>(291,587)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,127,556	\$0	\$3,127,556	\$0	\$0	30.0
Increase/(Decrease)	\$50,924	\$0	\$342,511	(\$291,587)	\$0	0.0
Percentage Change	1.7%	n/a	12.3%	(100.0%)	n/a	0.0%
FY 2016-17 Executive Request:	\$3,127,556	\$0	\$2,835,969	\$291,587	\$0	30.0
Request Above/(Below) Recommendation	\$0	\$0	(\$291,587)	\$291,587	\$0	0.0

Operating Expenses

This line item funds the day-to-day operating costs of the CWCB, the utilization and development of entitlements under interstate compacts, the maintenance of equitable apportionment decrees in accordance with state water law, and Western States Water Council dues.

Statutory Authority: Articles 60 to 69 of Title 37, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$472,894 cash funds for FY 2016-17. Staff recommends approving the Department request as it is consistent with prior-year expenditures from this line item.

River Decision Support Systems

The River Decision Support System (RDSS) consists of databases and models that facilitate decision making related to interstate compacts, water resource planning, and water rights administration, through use of historic data and geographic information system data to support Colorado's Decision Support System (CDSS). The CDSS is comprised of water management systems being developed and maintained by the CWCB and the Division of Water Resources for each of Colorado's major water basins.

Statutory Authority: Articles 60 to 69 of Title 37, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$479,379 cash funds and 4.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay. Staff recommends approving the Department request.

(B) Special Purpose

Intrastate Water Management and Development

This line item was added to the Long Bill in the 2006 session with the approval of the Department's decision item for a Statewide Water Supply Initiative (SWSI) and provides the CWCB with funding for an on-going basin-by-basin analysis. The objective of the SWSI is to help Colorado maintain an adequate water supply for its citizens and the environment.

Statutory Authority: Articles 60 to 69 of Title 37, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$470,464 cash funds for FY 2016-17. Staff recommends approving the Department request.

Federal Emergency Management Assistance

This is a federally-funded program that provides flood plain mapping and information about flood prevention. This line item supports 2.0 FTE for the Map Modernization Coordinator and the State Coordinator for the National Flood Insurance Program (NFIP). The Map Modernization Coordinator is responsible for the management of the Map Modernization Program and ensuring high quality mapping products. The State Coordinator for NFIP is responsible for performance measurement, community assistance visits, ordinance assistance, community information system,

floodplain mitigation strategies, education and outreach, technical assistance, Community Rating System (CRS) support, mapping coordination assistance, intra- and inter-state coordination, and other related activities. The position also serves as the State Hazard Mitigation Officer in the event of a federally declared flood disasters, and has a primary responsibility as the CWCB representative within Disaster Field Offices when they become active.

Statutory Authority: Section 37-60-121 (3) (b), C.R.S.

Request: The Department requests an appropriation of \$156,089 total funds and 2.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. The majority of the appropriation for this line item is federal funds, which are included in the Long Bill for informational purposes only, and the requested amount is consistent with prior year expenditures.

Weather Modification

The CWCB's Weather Modification Program is responsible for issuing permits for weather modification projects, monitoring environmental conditions, regulating weather modification activities, and engaging in public outreach. This program is supported by cash funds from fees charged for weather modification permits as specified in Section 36-20-113, C.R.S. If the operation is a commercial project, statute requires the fee to be sufficient to pay the direct costs for review of the permit application, public hearings regarding the application, and the monitoring of the permitted operation.

Statutory Authority: Section 36-20-101 *et seq.*, C.R.S.

Request: The Department requests a continuation-level appropriation of \$25,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. Fees from weather modification permits are continuously appropriated to the CWCB for the purpose of administering this program, but the requested amount is consistent with prior-year expenditures from this line item.

Water Conservation Program

This line item supports the Office of Water Conservation and Drought Planning (OWCDP), which promotes water use efficiency and drought management planning. Funding for the program comes from the CWCB Construction Fund. Program responsibilities include the administration of municipal and agricultural grants, the provision of technical assistance, precipitation harvesting pilot projects, and water conservation training. The OWCDP also promotes drought planning by encouraging and assisting communities to prepare and implement drought mitigation plans and by monitoring drought impacts and informing the public, media, and state officials.

Statutory Authority: Section 37-60-124, C.R.S.

Request: The Department requests an appropriation of \$355,771 cash funds and 4.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey, merit pay, and legislation.

Recommendation: Staff recommends approving the Department's request as the appropriation for this line item has been fully expended in prior years.

Water Efficiency Grant Program

The Water Efficiency Grant (WEG) Program was established in 2005 by H.B. 05-1254, and offers financial assistance to covered entities and qualifying agencies seeking to perform or promote more meaningful water conservation statewide. This line item supports the implementation of water conservation plan goals and programs identified in locally adopted water conservation plans. The WEG Program also gives grants to help agencies promote the benefits of water efficiency through public education and outreach programs. Funding for this program is from the Water Efficiency Grant Program Cash Fund, which receives \$550,000 in annual transfers from Tier II of the Severance Tax Operational Fund, and the CWCB Construction Fund.

Statutory Authority: Section 37-60-126, C.R.S.

Request: The Department requests an appropriation of \$600,804 cash funds and 1.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. It is consistent with the statutory provisions outlining the funding for this program (Sections 37-60-126 (12) (a) (III) and 39-29-109.3 (2) (c) (I), C.R.S.), as well as a legislative change refinancing \$100,000 in severance tax funding with the same amount from the CWCB Construction Fund starting in FY 2009-2010 (S.B. 09-125 CWCB Projects Bill).

Severance Tax Fund

This line item provides funding for water projects with cash funds from Tier I of the Severance Tax Operational Fund. The CWCB prepares an annual proposal for projects to be funded from this line item comprised of agency initiatives and grant requests submitted by other parties. Proposals are forwarded to the CWCB Board and the Executive Director of the Department for review and approval, and the list of approved projects is included in the annual budget request. This line item accounts for most of the CWCB's Tier I appropriation each year.

Statutory Authority: Section 39-29-109.3 (1) (d), C.R.S.

Request: The Department requests a continuation-level appropriation of \$1,275,500 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request as the amount is consistent with prior year expenditures from this line item. Additionally, the CWCB is a Tier I agency and is authorized to receive up to 5.0 percent of available moneys in the Severance Tax Operational Fund. Based on the December 2015 LCS revenue forecast, the total Tier I

appropriation for the CWCB will be approximately 2.6 percent of available revenue in FY 2016-17, well below the 5.0 percent limit.

Interbasin Compacts

House Bill 05-1177 created nine permanent basin roundtables to develop a common understanding of existing water supplies and future water supply needs and demands throughout Colorado, and possible means of meeting those needs. These “Basin Roundtables” include municipal users, agricultural users, local governments, water conservation and conservancy districts, recreational and environmental interests, and the business community. The Basin Roundtable meetings are focused on consensus building and the exchange of information on water use. This line item is funded in part by the continuously-appropriated Interbasin Compact Committee Operation Fund, which receives annual transfers from Tier II of the Severance Tax Operational Fund. The remainder is from CWCB Construction Fund.

Statutory Authority: Article 75 of Title 37, C.R.S.

Request: The Department requests an appropriation of \$1,153,131 cash funds and 3.7 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. Approximately 64 percent of the requested appropriation is informational and the remainder is consistent with a legislative change refinancing \$400,000 in severance tax funding with the same amount from the CWCB Construction Fund starting in FY 2009-2010 (S.B. 09-125 CWCB Projects Bill).

Platte River Basin Cooperative Agreement

Colorado became a participant in the Platte River Basin Endangered Species Cooperative, now known as the Platte River Recovery Implementation Program, in 1997. The Cooperative Agreement is a three-year agreement signed by the governors of Wyoming, Colorado, and Nebraska and by the Secretary of the Interior to address the protection and restoration of various endangered species habitats along the North Platte River. The cash funds appropriation from the Fish and Wildlife Resources Fund supports 1.0 FTE and contractual personal services for ongoing administration of the program and Colorado's portion of contract technical support.

Statutory Authority: Sections 24-33-111 and 37-65-101, C.R.S.

Request: The Department requests an appropriation of \$242,438 cash funds and 1.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends approving the Department request. In FY 2013-14 and FY 2014-15, an average of just over \$43,115 cash funds were reverted from this line item. The DWR indicated that this was due, in part, to atypically low personal services expenditures which will return to normal levels in FY 2016-17. Additionally, travel expenses and the need for contract technical support are expected to increase as the involved parties start negotiations to extend or renew the Program past its current expiration date in 2019. After accounting for these factors, expenditures from this line item should generally align with the requested appropriation in the upcoming fiscal year.

S.B. 02-087 Colorado Watershed Protection Fund

Senate Bill 02-087 created income tax checkoff to allow citizens to support local watershed efforts by making a voluntary contribution. Revenue goes to the Colorado Healthy Rivers Fund which is used to provide competitive grants to projects that restore and protect land and natural resources within watersheds in Colorado, as determined by the CWCB and the Water Quality Control Division in the Colorado Department of Public Health and Environment.

Statutory Authority: Section 39-22-2402 to 2403, C.R.S.

Request: The Department requests a continuation-level appropriation of \$119,942 cash funds for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$30,000 cash funds. This line item provides spending authority for funds collected by the check-off program. However, the Healthy Rivers Checkoff did not earn enough revenue to appear on the 2015 Colorado State Tax form which means there is no revenue for the program generated in that tax year. The CWCB anticipates that it will receive \$15,000 to \$25,000 in funds from late submissions in the 2014 tax year and supports the recommendation to reduce the spending authority in this line item to better align with the remaining revenue coming into the Colorado Healthy Rivers Fund. After the upcoming fiscal year, the CWCB is uncertain whether there will be legislation to continue the program or whether it will manage the program in the future.

Colorado Water Conservation Board, Special Purpose, S.B. 02-87 Colorado Watershed Protection Fund						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$119,942	\$0	\$119,942	\$0	\$0	0.0
TOTAL	\$119,942	\$0	\$119,942	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$119,942	\$0	\$119,942	\$0	\$0	0.0
JBC staff initiated line item adjustments	(89,942)	0	(89,942)	0	0	0.0
TOTAL	\$30,000	\$0	\$30,000	\$0	\$0	0.0
Increase/(Decrease)	(\$89,942)	\$0	(\$89,942)	\$0	\$0	0.0
Percentage Change	(75.0%)	n/a	(75.0%)	n/a	n/a	n/a
FY 2016-17 Executive Request:	\$119,942	\$0	\$119,942	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$89,942	\$0	\$89,942	\$0	\$0	0.0

Phreatophyte Control Cost Sharing

House Bill 15-1006 established a two-year grant program, administered by the CWCB, for the management of invasive phreatophytes. Phreatophytes are deep-rooted plants that grow in

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

riparian areas of the state and consume large amounts of water from the water table or the soil just above the water table (e.g. tamarisk and Russian olive). The program is funded with two transfers of \$2.0 million each from Tier II of the Severance Tax Operational Fund to the CWCB Construction Fund, one in FY 2015-16 and one in FY 2016-17. However, the bill includes a provision making the second-year transfer contingent on whether proportional reductions were required to Tier II programs. Specifically, if Tier II programs are subject to cuts in FY 2016-17, the second transfer of \$2.0 million will not occur. The most recent LCS revenue forecast (December 2015) suggests that this will be the case. Proportional reductions to Tier II programs are projected to be 41.0 percent and it is unlikely severance tax revenues will recover enough to allow for the second transfer in FY 2016-17.

Statutory Authority: Sections 37-60-132 and 39-29-109.3 (2) (s) (I) C.R.S.

Request: The Department requests an appropriation of \$2,000,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request with the addition of a footnote granting roll-forward spending authority through the end of FY 2017-18. See page 72 for more information regarding this portion of the recommendation pertaining to the addition of a footnote granting roll-forward spending authority for this line item.

Please note that this appropriation is the result of a transfer from Tier II of the Severance Tax Operational Fund and the amount received for grants is likely to be \$1.7 million or less in FY 2016-17 and \$0 in FY 2017-18. However, it is Department convention to reflect authorized distributions for Tier II programs in the Long Bills instead of requesting an appropriation based on an estimated of actual amount received. Proportional reductions to Tier II can change, sometimes dramatically, from forecast to forecast and attempting to trim Tier II appropriations presents both a technical and practical challenge. Staff agrees with this approach and has made recommendations for this, and other, Tier II programs based on authorized distributions.

Colorado Water Conservation Board, Special Purpose, Phreatophyte Control Cost Sharing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
Other legislation	<u>\$2,000,000</u>	<u>\$0</u>	<u>\$2,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.0
JBC staff initiated CWCB footnotes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.0
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	n/a

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Colorado Water Conservation Board, Special Purpose, Phreatophyte Control Cost Sharing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Executive Request:	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Emergency Dewatering Grants

House Bill 15-1178 (Saine/Marble) established a two year grant program, administered by the CWCB, for emergency dewatering projects located near the towns of Gilcrest and Sterling, Colorado. As a condition of receiving these grants, grantees must collect real-time data when pumping from dewatering wells. The bill provided funding for the program via two transfers from the General Fund to the Emergency Dewatering Grant Account in the CWCB Construction Fund, \$165,000 in FY 2015-16 and \$290,000 in FY 2016-17.

Statutory Authority: Sections 37-60-121 (1) and 39-29-109.3 (2) (s) (I) C.R.S.

Request: The Department requests an appropriation of \$290,000 cash funds for FY 2016-17.

Recommendation: Staff recommends the approving the Department request as it is consistent with the provisions of the bill that established the program. Staff further recommends the addition of a footnote granting roll-forward spending authority for this appropriation through FY 2017-18, as suggested by the Department. Please see *page 72* for more information regarding this recommendation.

Colorado Water Conservation Board, Special Purpose, Emergency Dewatering Grants						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
Other legislation	<u>\$165,000</u>	<u>\$0</u>	<u>\$165,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$165,000	\$0	\$165,000	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$165,000	\$0	\$165,000	\$0	\$0	0.0
Annualize prior year legislation	125,000	0	125,000	0	0	0.0
JBC staff initiated CWCB footnotes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$290,000	\$0	\$290,000	\$0	\$0	0.0
Increase/(Decrease)	\$125,000	\$0	\$125,000	\$0	\$0	0.0
Percentage Change	75.8%	n/a	75.8%	n/a	n/a	n/a
FY 2016-17 Executive Request:	\$290,000	\$0	\$290,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

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.

Request and Recommendation: The Department requests an appropriation of \$386,929 total funds for FY 2016-17. This represents a net decrease in indirect cost recoveries collected from this division. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policy decisions for FY 2016-17.

(7) Water Resources Division

The Water Resources Division, also called the Office of the State Engineer, is primarily responsible for administration of water resources, which includes overseeing over 170,000 intrastate surface and groundwater rights, as well as ensuring compliance with nine interstate compact agreements. The Division has seven field offices that monitor and distribute water based on priority and ensure dam safety. Additionally, the Division issues permits for well construction; engages in community education; consults with water suppliers and conservation districts; and collects, preserves, and provides current and historic water records and information.

Water Resources Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$22,269,670	\$20,347,642	\$1,719,585	\$0	\$202,443	258.5
Other legislation	<u>431,959</u>	<u>41,959</u>	<u>390,000</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$22,701,629	\$20,389,601	\$2,109,585	\$0	\$202,443	259.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$22,701,629	\$20,389,601	\$2,109,585	\$0	\$202,443	259.0
Annualize prior year legislation	(359,703)	(4,703)	(355,000)	0	0	0.0
Annualize prior year budget actions	337,474	337,474	0	0	0	0.1
Adjustments to indirect cost assessments	<u>(2,187)</u>	<u>0</u>	<u>357</u>	<u>0</u>	<u>(2,544)</u>	<u>0.0</u>
TOTAL	\$22,677,213	\$20,722,372	\$1,754,942	\$0	\$199,899	259.1
Increase/(Decrease)	(\$24,416)	\$332,771	(\$354,643)	\$0	(\$2,544)	0.1
Percentage Change	(0.1%)	1.6%	(16.8%)	n/a	(1.3%)	0.0%
FY 2016-17 Executive Request:	\$22,677,213	\$20,722,372	\$1,754,942	\$0	\$199,899	259.1
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

DECISION ITEMS – WATER RESOURCES DIVISION (NONE)

The Department request for FY 2016-17 did not include any decision items or budget amendments that impact the Division of Water Resources. The JBC staff recommendation for this division aligns with the Department request.

LINE ITEM DETAIL – WATER RESOURCES DIVISION

(A) Division Operations

Water Administration

Water Administration consists of two sub-programs: administration of intrastate water rights and interstate compact enforcement. It is the statutory responsibility of DWR to verify: 1) stream diversions are per decree; 2) wells are operated in compliance with their decrees; 3) augmentation plans, or substitute water supply plans are replacing stream depletions; and 4) interstate compact flows are delivered to downstream states. This requires daily oversight of the water allocation system. There are seven division offices located throughout the state, one in each major drainage basin; these division offices employ field staff, including water commissioners, who perform duties that contribute to water administration. Duties of the field staff include turning headgates to control water flow, collecting water use and/or diversion data, and enforcing decrees and water laws.

Statutory Authority: Articles 61 to 69, 80 to 90, and 92 of Title 37, C.R.S., and Section 37-90-137, C.R.S.

Request: The Department requests an appropriation of \$21,203,600 total funds, including \$20,527,404 General Fund, and 252.1 FTE for FY 2016-17. This includes the annualization of prior year salary survey, merit pay, legislation, and prior-year requests.

Recommendation: Staff recommends approving the Department request.

Well Inspection

The Well Inspection Program was established by S.B. 03-045 and continues to be funded by well permit application fees. The Well Inspection Program licenses water well construction contractors and enforces existing rules and regulations for the construction, repair, plugging, sealing, and abandonment of all wells; test holes; monitoring and observation wells; and dewatering wells. The General Assembly created the State Board of Examiners of Water Well Construction and Pump Installation Contractors to develop standards for construction to protect the aquifers and to license contractors for well construction.

Statutory Authority: Article 90.5 of Title 37, C.R.S., and Section 37-91-113, C.R.S.

Request: The Department requests a continuation-level appropriation of \$379,038 cash funds and 3.0 FTE for FY 2016-17.

Recommendation: Staff recommends approving the Department request. This line item is supported by fee revenue which increases and decreases with the housing market. In recent years, there has not been enough fee revenue to fully support the appropriated cash funds spending authority due to the economic downturn. However, the DWR anticipates that the improving economy will restore revenues, aligning expenditures more closely with the requested appropriation for this program.

Satellite Monitoring System

This line item supports satellite-linked water resource monitoring stations throughout the state. This system provides "real-time" stream flow information that is used by the Division, consumptive water users such as agricultural users, and other interested persons such as rafters and anglers. Stations record stream flow, and transmit the information to a database. Some revenue is generated through voluntary fees from local conservancy districts, water users, user associations, and municipalities, which are deposited in the Satellite Monitoring System Cash Fund.

Statutory Authority: Sections 37-80-102, 37-80-111.5, C.R.S., and Article 92 of Title 37, C.R.S.

Request: The Department requests a continuation-level appropriation of \$505,028 total funds, including \$194,968 General Fund, and 2.0 FTE for FY 2016-17.

Recommendation: Staff recommends approving the Department request.

Federal Grants

This line item is funded by federal grants from the Federal Emergency Management Agency (FEMA) and the U.S. Bureau of Reclamation (BOR). FEMA grants are used support the Division's Dam Safety Program and BOR grants support a water project in the San Luis Valley and provide gauging station maintenance for the Williams Fork gauge in northwestern Colorado.

Request: The Department requests a continuation-level appropriation of \$194,260 federal funds for FY 2016-17.

Recommendation: Staff recommends approving the Department's request. This funding is from federal grants and is included in the Long Bill for informational purposes only.

River Decision Support Systems

This line item supports a statewide decision support system for the Colorado, Rio Grande, South Platte, and Arkansas River Basins. The Colorado Decision Support System consists of databases and models that facilitate decision making related to interstate compacts, water resource planning, and water rights administration, through use of historic data and geographic information systems.

Statutory Authority: Article 60 of Title 37, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$211,208 cash funds and 2.0 FTE for FY 2016-17. Staff recommends approving the Department request as it is consistent with prior-year expenditures from this line item.

(B) Special Purpose

Dam Emergency Repair

This appropriation provides funding to the State Engineer in the event emergency action is necessary to repair a dangerous or threatened dam. Cash funds are from the Emergency Dam Repair Cash Fund, which is replenished from transfers from the CWCB Construction Fund. A

maximum amount of \$50,000 is continuously appropriated. These funds have only been required in one year to day (FY 2013-14), but any funds expended are recoverable from the dam owner.

Statutory Authority: Sections 37-60-122.5 and 37-87-108.5, C.R.S.

Request: The Department requests a continuation-level appropriation of \$50,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request as it is consistent with statutory provisions regarding funding for this line item. While expenditures are not made from this line item on a regular basis, maintaining the current appropriation will allow the Department the flexibility to respond in the event there is an incident or emergency at a dam.

H.B. 03-1334 Temporary Interruptible Water Supply Agreements

House Bill 03-1334 (Mitchell/Hillman) enabled water users to transfer the historical consumptive use of an absolute right for application to another type or place of use on a temporary basis, without permanently changing the water right. The legislation authorized the State Engineer to approve and administer interruptible water supply agreements that permit a temporary change in the point of diversion, location of use, and type of use of any absolute water right without the need for adjudication. Funding for this line item comes from the Water Resources Cash Fund.

Statutory Authority: Section 37-92-309, C.R.S.

Request: The Department requests a continuation-level appropriation of \$61,589 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. There have been no recent expenditures from this line item and the DWR indicated that it has only received two applications and neither made it through the application process. However, when staff requested an opinion about the possibility of eliminating this line item, the DWR expressed a preference to continue the appropriation at its currently level because Temporary Interruptible Water Supply Agreements (TWISA) were included as part of the 2015 Water Plan (see Section 6.3 starting on page 6-97 of the Water Plan). The division anticipates that this may generate more TWISAs and is concerned about eliminating this line item before the demand can be determined. Staff concurs for the time being, but will revisit the appropriation for this line item in FY 2017-18 to determine whether it is still necessary.

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.

Request and Recommendation: The Department requests an appropriation of \$72,490 total funds for FY 2016-17. This represents a decrease in indirect cost recoveries collected from this division. Staff recommends approving the Department request, but requests permission to adjust this amount as necessary once the Committee has finalized all common policies for FY 2016-17.

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

Staff recommends the following **new** footnotes:

- X Department of Natural Resources, Colorado Water Conservation Board, Phreatophyte Control Cost Sharing** – This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first. At project completion or the end of the two-year period, any unexpended balances shall revert to the Severance Tax Operational Fund from which the transfer to Colorado Water Conservation Board Construction Fund, created in Section 37-60-121 (1) (a), C.R.S., was made.

Comment: This footnote provides roll-forward spending authority at the end of the fiscal year. See page 72 in this document for additional information.

- X Department of Natural Resources, Colorado Water Conservation Board, Emergency Dewatering Grants** – This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first. At project completion or the end of the two-year period, any unexpended balances shall revert to the General Fund from which the transfer to the Emergency Dewatering Grant Account in the Colorado Water Conservation Board Construction Fund, created in Section 37-60-121 (10) (b), C.R.S., was made.

Comment: This footnote provides roll-forward spending authority at the end of the fiscal year. See page 72 in this document for additional information.

Staff recommends **continuing** the following footnotes, with modifications in struck type and small caps:

- X Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Legacy Mine Hydrology Projects** -- It is the intent of the General Assembly that these funds shall remain available until completion of the project or the close of ~~FY 2017-18~~ FY 2018-19 , whichever comes first. At project completion or the end of the three-year period, any unexpended balances shall revert to the Severance Tax Operational Fund from which they were appropriated.

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

- X Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Reclamation of Forfeited Mine Sites** -- 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 2017-18~~ FY 2018-19, whichever comes first. At project

completion or the end of the three-year period, any unexpended amount shall revert to the Severance Tax Operational Fund, from which the transfer to the special account in the General Fund, created in Section 34-32-122 (1) (a), C.R.S., was made.

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

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

Comment: This footnote sets forth the purpose, conditions, and limitations of the line item. The JBC created the Emergency Response line item in FY 2006-07 to be used, if and when necessary, for emergency response. The appropriation was approved due to a concern that emergency funding would be necessary during a time when the JBC may not yet be meeting during the interim (and thus would have to wait for an interim supplemental, delaying the Department's ability to respond adequately). Funding is from the Oil and Gas Conservation and Environmental Response Fund.

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

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

- X Department of Natural Resources, Division of Parks and Wildlife, Parks and Outdoor Recreation, Special Purpose, Off-highway Vehicle Direct Services** --The appropriation for this line item remains available until the completion of the project or the close of ~~FY 2017-18~~ FY 2018-19, whichever comes first.

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

- X Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Grants and Habitat Partnerships** -- The appropriation for this line item remains available until the completion of the project or the close of ~~FY 2017-18~~ FY 2018-19, whichever comes first.

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

- X Department of Natural Resources, Division of Parks and Wildlife, Wildlife, Special Purpose, Asset Maintenance and Repairs** -- The appropriation for this line item remains available until the completion of the project or the close of ~~FY 2017-18~~ FY 2018-19, whichever comes first.

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

REQUESTS FOR INFORMATION

Staff recommends **continuing** the following requests for information, with modifications in struck type and small caps:

- 2 Department of Natural Resources, Division of Reclamation Mining and Safety, Emergency Response Costs** -- The Division of Reclamation, Mining, and Safety is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- 3 Department of Natural Resources, Oil and Gas Conservation Commission, Program Costs** -- The Department of Natural Resources is requested to include in its annual budget request a report on the performance of the risk-based inspection program. The report should provide information on the development of the Facilities Integrity group, the inspection of process piping and flowlines, and the metrics used to measure the performance and effectiveness of the Facilities Integrity program.
- 4 Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response** -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- 5 Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies** -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- 6 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 provide an analysis of lottery funds Great Outdoors Colorado Board Grants used for operations and capital projects. The report is requested to be submitted by November 1, ~~2015~~ 2016.

Staff recommends **discontinuing** the following request for information:

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

November 1, 2015, listing the number of projects funded through the Integrated Resource Services line item and the cost of each project. The report should provide information for the most recent year actual expenditures, the current year estimated expenditures, and the request year estimated expenditures.

Comment: The Department requested this line item be eliminated from the Department's Long Bill starting in FY 2016-17.

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 2014-15 actual costs, including statewide indirect costs, used to provide support to the entire department. The *Indirect Cost Base* is comprised of FY 2014-15 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 \$842,936 of non-recoverable indirect costs. This amount is associated with General Fund personal services costs not assessed in the Division of Water Resources (the majority of personal services costs in DWR are General Fund costs).

Department of Natural Resources Indirect Cost Pool		
Division	Line Item	FY 2014-15 Actual
Executive Director's Office		
	Personal Services	\$4,333,164
	Operating Expenses	174,010
	Workers' Compensation	8,980
	Legal Services	51,683
	Payment to Risk Management and Property Funds	13,431
	Vehicle Lease Payments	3,441
	Information Technology Asset Maintenance	90,538
	Capitol Complex Leased Space	166,393
	Payments to OIT	992,423
	CORE Operations	23,453
	Audit Charges	98,506
	Equipment Use	144,411
	Statewide Indirect Cost Share	<u>1,470,265</u>
	Total Indirect Cost Pool	\$7,570,698
	Non-recoverable Indirect Costs	<u>(842,936)</u>
	Total Recoverable Indirect Cost Pool	\$6,727,762

The Department uses FY 2014-15 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.⁴

⁴ The Department does not have an *Indirect Cost Rate*.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Department of Natural Resources Indirect Cost Base	
Division	FY 2014-15 Actual (CF, FF)
Reclamation, Mining, and Safety	\$7,588,486
CO Avalanche Information Center	989,543
Oil and Gas Conservation Commission	10,072,575
State Board of Land Commissioners	4,514,489
Division of Parks and Wildlife – Parks	32,625,438
Division of Parks and Wildlife – Wildlife	69,577,081
Colorado Water Conservation Board	7,731,593
Water Resources Division	<u>1,453,550</u>
Total Indirect Cost Base	\$134,552,755

FY 2016-17 Indirect Cost Assessment Request

For FY 2016-17 the Department has requested \$6.7 million for indirect cost assessments. *Table 3* shows the FY 2016-17 Department indirect cost assessment based on the November 1 request for each division.

Department of Natural Resources Indirect Cost Assessment Request			
Division	Total	CF	FF
CO Avalanche Information Center	\$32,918	\$27,746	\$5,172
Reclamation, Mining, and Safety	393,804	160,263	233,541
Oil and Gas Conservation Commission	500,010	492,010	8,000
State Board of Land Commissioners	223,835	223,835	0
Division of Parks and Wildlife	5,117,776	4,441,293	676,483
Colorado Water Conservation Board	386,929	338,836	48,093
Water Resources Division	<u>72,490</u>	<u>66,851</u>	<u>5,639</u>
Total FY 2016-17 Request	\$6,727,762	\$5,750,834	\$976,928
FY 2015-16 Indirect Cost Assessment	\$7,143,437	\$6,177,153	\$966,284
Difference (FY 17 - FY 16)	(\$415,675)	(\$426,319)	\$10,611

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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DEPARTMENT OF NATURAL RESOURCES Bob Randall, Interim Executive Director
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(1) EXECUTIVE DIRECTOR'S OFFICE

(A) Administration

Personal Services	<u>3,590,553</u>	<u>3,669,792</u>	<u>3,772,923</u>	<u>3,830,479</u>	<u>3,830,479</u>
FTE	39.1	37.8	41.3	41.3	41.3
Reappropriated Funds	3,590,553	3,669,792	3,772,923	3,830,479	3,830,479
Health, Life, and Dental	<u>10,898,842</u>	<u>11,376,595</u>	<u>12,872,236</u>	<u>13,103,194</u>	<u>13,095,267</u> *
General Fund	820,070	1,185,293	1,305,891	1,978,358	1,978,358
Cash Funds	7,063,034	7,654,767	8,583,619	9,960,439	9,952,512
Reappropriated Funds	1,439,495	1,208,214	1,452,359	822,186	822,186
Federal Funds	1,576,243	1,328,321	1,530,367	342,211	342,211
Short-term Disability	<u>174,073</u>	<u>205,739</u>	<u>208,790</u>	<u>179,128</u>	<u>179,003</u> *
General Fund	30,102	32,444	33,069	28,046	28,046
Cash Funds	113,478	141,966	143,848	141,312	141,187
Reappropriated Funds	5,634	5,896	6,326	5,014	5,014
Federal Funds	24,859	25,433	25,547	4,756	4,756

*This line item includes a decision item.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
S.B. 04-257 Amortization Equalization					
Disbursement	<u>3,705,042</u>	<u>4,276,535</u>	<u>4,674,630</u>	<u>5,158,698</u>	<u>5,156,204</u> *
General Fund	572,359	674,702	742,138	807,711	807,711
Cash Funds	2,508,284	2,950,793	3,226,274	4,069,517	4,067,023
Reappropriated Funds	107,304	122,583	141,848	144,575	144,575
Federal Funds	517,095	528,457	564,370	136,895	136,895
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>3,342,999</u>	<u>4,009,253</u>	<u>4,515,192</u>	<u>5,104,902</u>	<u>5,102,493</u> *
General Fund	514,883	632,533	716,838	799,297	799,297
Cash Funds	2,264,422	2,766,369	3,116,232	4,027,067	4,024,658
Reappropriated Funds	96,872	114,923	136,992	143,069	143,069
Federal Funds	466,822	495,428	545,130	135,469	135,469
Salary Survey					
General Fund	<u>2,364,281</u>	<u>2,818,625</u>	<u>1,153,648</u>	<u>50,669</u>	<u>50,669</u>
Cash Funds	308,185	432,104	185,225	10,716	10,716
Reappropriated Funds	1,919,674	1,948,185	897,944	33,877	33,877
Federal Funds	66,251	82,176	35,294	6,076	6,076
Federal Funds	70,171	356,160	35,185	0	0
Merit Pay					
General Fund	<u>1,527,049</u>	<u>1,030,883</u>	<u>945,138</u>	<u>0</u>	<u>0</u>
Cash Funds	254,746	175,507	180,081	0	0
Reappropriated Funds	1,173,674	699,752	712,925	0	0
Federal Funds	53,444	30,328	32,228	0	0
Federal Funds	45,185	125,296	19,904	0	0
Shift Differential					
Cash Funds	<u>31,242</u>	<u>29,155</u>	<u>42,291</u>	<u>41,899</u>	<u>41,899</u>
Cash Funds	31,242	29,155	42,291	41,899	41,899

*This line item includes a decision item.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Workers' Compensation	<u>1,566,177</u>	<u>1,879,077</u>	<u>1,482,367</u>	<u>1,484,610</u>	<u>1,383,287</u> *
General Fund	70,152	53,330	43,452	43,517	40,547
Cash Funds	1,470,317	1,814,534	1,430,876	1,433,043	1,335,239
Reappropriated Funds	94	8,980	7,843	7,854	7,319
Federal Funds	25,614	2,233	196	196	182
Operating Expenses	<u>473,467</u>	<u>852,565</u>	<u>1,246,674</u>	<u>1,246,674</u>	<u>1,246,674</u>
Cash Funds	290,551	673,752	1,057,006	1,057,006	1,057,006
Reappropriated Funds	177,579	174,010	184,331	184,331	184,331
Federal Funds	5,337	4,803	5,337	5,337	5,337
Legal Services	<u>4,449,075</u>	<u>4,945,944</u>	<u>4,842,850</u>	<u>4,842,850</u>	<u>4,842,850</u> P
General Fund	1,167,052	1,294,457	1,242,161	1,242,161	1,242,161
Cash Funds	3,213,097	3,556,235	3,487,568	3,487,568	3,487,568
Reappropriated Funds	43,851	51,683	49,595	49,595	49,595
Federal Funds	25,075	43,569	63,526	63,526	63,526
Payment to Risk Management and Property Funds	<u>835,402</u>	<u>767,271</u>	<u>711,637</u>	<u>807,212</u>	<u>778,683</u>
General Fund	87,267	80,713	76,085	81,971	76,975
Cash Funds	720,247	662,823	614,081	702,650	680,562
Reappropriated Funds	16,403	13,431	12,124	12,722	11,927
Federal Funds	11,485	10,304	9,347	9,869	9,219
Vehicle Lease Payments	<u>3,089,942</u>	<u>3,276,868</u>	<u>3,833,123</u>	<u>4,130,502</u>	<u>4,074,948</u> *
General Fund	297,201	241,433	245,236	267,282	261,243
Cash Funds	2,732,523	2,970,835	3,475,199	3,748,920	3,701,399
Reappropriated Funds	6,727	3,441	54,610	47,276	46,926
Federal Funds	53,491	61,159	58,078	67,024	65,380

*This line item includes a decision item.

P - This line item is pending Committee action on the FY 2016-17 legal services rate.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Information Technology Asset Maintenance	<u>62,500</u>	<u>260,400</u>	<u>263,159</u>	<u>263,159</u>	<u>263,159</u>
General Fund	31,628	28,869	31,628	31,628	31,628
Cash Funds	11,749	140,993	140,993	140,993	140,993
Reappropriated Funds	19,123	90,538	90,538	90,538	90,538
Leased Space	<u>1,331,033</u>	<u>1,223,250</u>	<u>1,346,896</u>	<u>1,396,694</u>	<u>1,396,694</u> *
General Fund	532,215	568,930	574,079	587,245	587,245
Cash Funds	761,740	619,108	718,125	764,884	764,884
Reappropriated Funds	0	0	18,000	18,000	18,000
Federal Funds	37,078	35,212	36,692	26,565	26,565
Capitol Complex Leased Space	<u>1,174,622</u>	<u>972,920</u>	<u>1,381,111</u>	<u>1,431,578</u>	<u>1,466,634</u>
General Fund	277,908	205,939	292,340	303,023	310,443
Cash Funds	561,681	496,633	704,996	730,758	748,652
Reappropriated Funds	199,814	166,393	236,205	244,835	250,831
Federal Funds	135,219	103,955	147,570	152,962	156,708
Integrated Resource Services	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	0	0	250,000	0	0
CORE Operations	<u>1,351,127</u>	<u>877,953</u>	<u>1,723,832</u>	<u>2,664,588</u>	<u>2,611,690</u>
General Fund	130,479	235,429	253,791	400,781	392,824
Cash Funds	1,113,765	585,344	1,257,221	2,061,788	2,020,857
Reappropriated Funds	67,437	23,453	73,908	116,712	114,395
Federal Funds	39,446	33,727	138,912	85,307	83,614

*This line item includes a decision item.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

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

*This line item includes a decision item.

P - This line item is pending Committee action on IT common policy.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Communication Services Payments	<u>1,157,811</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	1,157,811	0	0	0	0
Information Technology Security	<u>99,835</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	7,026	0	0	0	0
Cash Funds	72,362	0	0	0	0
Reappropriated Funds	18,499	0	0	0	0
Federal Funds	1,948	0	0	0	0
SUBTOTAL - (A) Administration	49,716,485	52,095,307	58,366,182	54,433,185	54,216,982
FTE	<u>39.1</u>	<u>37.8</u>	<u>41.3</u>	<u>41.3</u>	<u>41.3</u>
General Fund	5,897,012	6,672,560	7,131,917	7,989,791	7,975,249
Cash Funds	33,173,833	35,385,737	40,401,523	38,380,614	38,177,209
Reappropriated Funds	7,423,704	6,758,264	7,564,655	6,889,179	6,891,178
Federal Funds	3,221,936	3,278,746	3,268,087	1,173,601	1,173,346
(B) Special Programs					
Colorado Avalanche Information Center	<u>647,478</u>	<u>884,500</u>	<u>1,048,446</u>	<u>1,063,018</u>	<u>1,063,018</u>
FTE	8.3	8.3	10.9	10.9	10.9
Cash Funds	277,284	347,904	439,672	454,557	454,557
Reappropriated Funds	372,189	440,062	589,803	589,490	589,490
Federal Funds	(1,995)	96,534	18,971	18,971	18,971
Indirect Cost Assessment	<u>34,564</u>	<u>14,800</u>	<u>25,620</u>	<u>32,918</u>	<u>32,918</u>
Cash Funds	34,564	11,334	25,620	27,746	27,746
Federal Funds	0	3,466	0	5,172	5,172

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (B) Special Programs	682,042	899,300	1,074,066	1,095,936	1,095,936
<i>FTE</i>	<u>8.3</u>	<u>8.3</u>	<u>10.9</u>	<u>10.9</u>	<u>10.9</u>
General Fund	0	0	0	0	0
Cash Funds	311,848	359,238	465,292	482,303	482,303
Reappropriated Funds	372,189	440,062	589,803	589,490	589,490
Federal Funds	(1,995)	100,000	18,971	24,143	24,143
TOTAL - (1) Executive Director's Office	50,398,527	52,994,607	59,440,248	55,529,121	55,312,918
<i>FTE</i>	<u>47.4</u>	<u>46.1</u>	<u>52.2</u>	<u>52.2</u>	<u>52.2</u>
General Fund	5,897,012	6,672,560	7,131,917	7,989,791	7,975,249
Cash Funds	33,485,681	35,744,975	40,866,815	38,862,917	38,659,512
Reappropriated Funds	7,795,893	7,198,326	8,154,458	7,478,669	7,480,668
Federal Funds	3,219,941	3,378,746	3,287,058	1,197,744	1,197,489

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(2) DIVISION OF RECLAMATION, MINING, AND SAFETY

(A) Coal Land Reclamation

Program Costs	<u>2,126,557</u>	<u>2,181,654</u>	<u>2,219,915</u>	<u>2,243,667</u>	<u>2,243,667</u>
FTE	19.6	18.7	22.0	21.0	21.0
Cash Funds	449,087	467,606	475,589	480,496	480,496
Federal Funds	1,677,470	1,714,048	1,744,326	1,763,171	1,763,171
Indirect Cost Assessment	<u>122,636</u>	<u>169,518</u>	<u>136,099</u>	<u>124,048</u>	<u>124,048</u>
Cash Funds	30,480	27,931	28,581	26,050	26,050
Federal Funds	92,156	141,587	107,518	97,998	97,998

SUBTOTAL - (A) Coal Land Reclamation	2,249,193	2,351,172	2,356,014	2,367,715	2,367,715
FTE	<u>19.6</u>	<u>18.7</u>	<u>22.0</u>	<u>21.0</u>	<u>21.0</u>
General Fund	0	0	0	0	0
Cash Funds	479,567	495,537	504,170	506,546	506,546
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,769,626	1,855,635	1,851,844	1,861,169	1,861,169

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

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

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (B) Inactive Mines	2,113,111	1,989,093	2,539,273	2,535,154	2,505,154
<i>FTE</i>	<u>8.1</u>	<u>9.6</u>	<u>17.8</u>	<u>17.8</u>	<u>17.8</u>
General Fund	0	0	0	0	0
Cash Funds	1,260,145	1,054,746	1,149,777	1,143,878	1,143,878
Reappropriated Funds	0	0	30,000	30,000	0
Federal Funds	852,966	934,347	1,359,496	1,361,276	1,361,276

(C) Minerals

Program Costs	<u>2,201,071</u>	<u>2,203,379</u>	<u>2,219,109</u>	<u>2,243,243</u>	<u>2,243,243</u>
<i>FTE</i>	19.5	20.8	24.1	24.1	24.1
Cash Funds	2,201,071	2,203,379	2,219,109	2,243,243	2,243,243
Indirect Cost Assessment	<u>144,147</u>	<u>124,971</u>	<u>132,003</u>	<u>110,704</u>	<u>110,704</u>
Cash Funds	144,147	124,971	132,003	110,704	110,704

SUBTOTAL - (C) Minerals	2,345,218	2,328,350	2,351,112	2,353,947	2,353,947
<i>FTE</i>	<u>19.5</u>	<u>20.8</u>	<u>24.1</u>	<u>24.1</u>	<u>24.1</u>
General Fund	0	0	0	0	0
Cash Funds	2,345,218	2,328,350	2,351,112	2,353,947	2,353,947
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

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

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(E) Emergency Response Costs					
Emergency Response Costs	<u>25,000</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Cash Funds	25,000	0	100,000	100,000	100,000
SUBTOTAL - (E) Emergency Response Costs	25,000	0	100,000	100,000	100,000
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0	0
Cash Funds	25,000	0	100,000	100,000	100,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
TOTAL - (2) Division of Reclamation, Mining, and Safety	7,354,968	7,428,545	8,019,842	8,028,511	7,998,511
<i>FTE</i>	<u>52.4</u>	<u>53.5</u>	<u>68.9</u>	<u>67.9</u>	<u>67.9</u>
General Fund	0	0	0	0	0
Cash Funds	4,473,040	4,252,853	4,492,845	4,485,633	4,485,633
Reappropriated Funds	0	0	30,000	30,000	0
Federal Funds	2,881,928	3,175,692	3,496,997	3,512,878	3,512,878

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(3) OIL AND GAS CONSERVATION COMMISSION					
Program Costs	<u>8,015,526</u>	<u>8,065,818</u>	<u>10,128,579</u>	<u>10,073,017</u>	<u>10,073,017</u>
FTE	80.4	92.6	108.3	108.3	108.3
Cash Funds	8,015,526	8,065,818	10,128,579	10,073,017	10,073,017
Underground Injection Program	<u>96,559</u>	<u>115,117</u>	<u>96,559</u>	<u>96,559</u>	<u>96,559</u>
FTE	2.0	2.0	2.0	2.0	2.0
Federal Funds	96,559	115,117	96,559	96,559	96,559
Plugging and Reclaiming Abandoned Wells	<u>429,031</u>	<u>425,058</u>	<u>445,000</u>	<u>445,000</u>	<u>445,000</u>
Cash Funds	429,031	425,058	445,000	445,000	445,000
Environmental Assistance and Complaint Resolution	<u>281,556</u>	<u>295,219</u>	<u>312,033</u>	<u>312,033</u>	<u>312,033</u>
Cash Funds	281,556	295,219	312,033	312,033	312,033
Emergency Response	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>750,000</u>
Cash Funds	0	0	1,000,000	1,000,000	750,000
Special Environmental Protection and Mitigation Studies	<u>162,948</u>	<u>320,406</u>	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>
Cash Funds	162,948	320,406	325,000	325,000	325,000

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Indirect Cost Assessment	<u>445,953</u>	<u>419,406</u>	<u>519,853</u>	<u>500,010</u>	<u>500,010</u>
Cash Funds	429,764	405,234	508,896	492,010	492,010
Federal Funds	16,189	14,172	10,957	8,000	8,000
TOTAL - (3) Oil and Gas Conservation Commission					
	9,431,573	9,641,024	12,827,024	12,751,619	12,501,619
<i>FTE</i>	<u>82.4</u>	<u>94.6</u>	<u>110.3</u>	<u>110.3</u>	<u>110.3</u>
General Fund	0	0	0	0	0
Cash Funds	9,318,825	9,511,735	12,719,508	12,647,060	12,397,060
Reappropriated Funds	0	0	0	0	0
Federal Funds	112,748	129,289	107,516	104,559	104,559

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(4) STATE BOARD OF LAND COMMISSIONERS

Program Costs	<u>4,130,917</u>	<u>4,222,246</u>	<u>4,328,760</u>	<u>4,553,080</u>	<u>4,542,384</u> *
FTE	37.0	38.6	40.0	41.0	41.0
Cash Funds	4,130,917	4,222,246	4,328,760	4,553,080	4,542,384
Public Access Program Damage and Enhancement Costs	<u>142,956</u>	<u>96,480</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>
Reappropriated Funds	142,956	96,480	225,000	225,000	225,000
Indirect Cost Assessment Cash Funds	<u>224,959</u>	<u>216,768</u>	<u>248,149</u>	<u>223,835</u>	<u>223,835</u>
Cash Funds	224,959	216,768	248,149	223,835	223,835
Asset Management System Upgrade Cash Funds	<u>1,182,350</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	1,182,350	0	0	0	0

TOTAL - (4) State Board of Land Commissioners	5,681,182	4,535,494	4,801,909	5,001,915	4,991,219
FTE	<u>37.0</u>	<u>38.6</u>	<u>40.0</u>	<u>41.0</u>	<u>41.0</u>
General Fund	0	0	0	0	0
Cash Funds	5,538,226	4,439,014	4,576,909	4,776,915	4,766,219
Reappropriated Funds	142,956	96,480	225,000	225,000	225,000
Federal Funds	0	0	0	0	0

*This line item includes a decision item.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(5) DIVISION OF PARKS AND WILDLIFE

(A) Colorado Parks and Wildlife Operations

State Park Operations	<u>29,029,767</u>	<u>28,049,365</u>	<u>28,829,044</u>	<u>29,531,592</u>	<u>29,531,592</u> *
FTE	238.6	243.9	255.1	255.1	255.1
General Fund	0	0	150,000	150,000	150,000
Cash Funds	27,940,310	27,295,654	28,234,238	28,936,786	28,936,786
Federal Funds	1,089,457	753,711	444,806	444,806	444,806
Wildlife Operations	<u>72,352,021</u>	<u>74,916,214</u>	<u>80,797,076</u>	<u>82,324,795</u>	<u>82,324,795</u> *
FTE	631.0	629.3	622.6	619.6	619.6
General Fund	471,773	0	0	0	0
Cash Funds	56,763,117	59,399,086	61,622,393	63,150,112	63,150,112
Federal Funds	15,117,131	15,517,128	19,174,683	19,174,683	19,174,683

SUBTOTAL - (A) Colorado Parks and Wildlife Operations	101,381,788	102,965,579	109,626,120	111,856,387	111,856,387
FTE	<u>869.6</u>	<u>873.2</u>	<u>877.7</u>	<u>874.7</u>	<u>874.7</u>
General Fund	471,773	0	150,000	150,000	150,000
Cash Funds	84,703,427	86,694,740	89,856,631	92,086,898	92,086,898
Reappropriated Funds	0	0	0	0	0
Federal Funds	16,206,588	16,270,839	19,619,489	19,619,489	19,619,489

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(B) Special Purpose					
Snowmobile Program	<u>846,711</u>	<u>738,850</u>	<u>1,005,412</u>	<u>1,007,952</u>	<u>1,007,952</u>
FTE	1.3	1.6	1.3	1.3	1.3
Cash Funds	846,711	738,850	1,005,412	1,007,952	1,007,952
River Outfitters Regulation	<u>98,200</u>	<u>97,244</u>	<u>145,991</u>	<u>146,975</u>	<u>146,975</u>
FTE	0.4	0.4	0.5	0.5	0.5
Cash Funds	98,200	97,244	145,991	146,975	146,975
Off-highway Vehicle Program Support	<u>472,065</u>	<u>409,413</u>	<u>545,280</u>	<u>550,006</u>	<u>550,006</u>
FTE	3.2	3.8	3.0	3.0	3.0
Cash Funds	472,065	409,413	545,280	550,006	550,006
Off-highway Vehicle Direct Services	<u>3,888,298</u>	<u>3,448,174</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Cash Funds	3,888,298	3,448,174	4,000,000	4,000,000	4,000,000
Federal Grants	<u>1,059,402</u> 1.3	<u>570,904</u> 1.3	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
Federal Funds	1,059,402	570,904	750,000	750,000	750,000
S.B. 03-290 Enterprise Fund	<u>178,753</u>	<u>263,978</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	178,753	263,978	200,000	200,000	200,000
Information Technology	<u>2,212,574</u>	<u>2,244,910</u>	<u>2,881,895</u>	<u>2,881,895</u>	<u>2,659,223</u>
Cash Funds	2,212,574	2,244,910	2,881,895	2,881,895	2,659,223
Natural Resource Protection	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Cash Funds	0	0	150,000	150,000	0
Federal Funds	0	0	450,000	450,000	0

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Trails Grants	<u>2,510,581</u>	<u>1,216,492</u>	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>
Cash Funds	1,437,934	196,372	1,800,000	1,800,000	1,800,000
Federal Funds	1,072,647	1,020,120	400,000	400,000	400,000
S.B. 08-226 Aquatic Nuisance Species	<u>4,322,261</u>	<u>4,109,099</u>	<u>3,879,355</u>	<u>3,886,424</u>	<u>3,886,424</u>
FTE	5.9	5.3	4.0	4.0	4.0
Cash Funds	4,200,662	4,109,099	3,879,355	3,886,424	3,886,424
Federal Funds	121,599	0	0	0	0
Game Damage Claims and Prevention	<u>1,025,038</u>	<u>1,268,017</u>	<u>1,282,500</u>	<u>1,282,500</u>	<u>1,282,500</u>
Cash Funds	1,025,038	1,268,017	1,282,500	1,282,500	1,282,500
Instream Flow Program	<u>296,027</u>	<u>0</u>	<u>296,027</u>	<u>296,027</u>	<u>0</u>
Cash Funds	296,027	0	296,027	296,027	0
Habitat Partnership Program	<u>2,119,123</u>	<u>1,577,592</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u> *
FTE	0.0	0.0	0.0	3.0	3.0
Cash Funds	2,119,123	1,577,592	2,500,000	2,500,000	2,500,000
Grants and Habitat Partnerships	<u>513,474</u>	<u>289,765</u>	<u>1,625,000</u>	<u>1,625,000</u>	<u>1,625,000</u>
Cash Funds	322,542	289,765	1,625,000	1,625,000	1,625,000
Federal Funds	190,932	0	0	0	0
Asset Maintenance and Repairs	<u>3,162,085</u>	<u>2,903,190</u>	<u>2,606,880</u>	<u>2,606,880</u>	<u>2,606,880</u>
Cash Funds	3,162,085	2,903,190	2,606,880	2,606,880	2,606,880
Beaver Park Dam Repayment	<u>0</u>	<u>0</u>	<u>333,333</u>	<u>333,333</u>	<u>333,333</u>
Cash Funds	0	0	333,333	333,333	333,333

*This line item includes a decision item.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Indirect Cost Assessment	<u>5,640,070</u>	<u>5,099,745</u>	<u>5,325,240</u>	<u>5,117,776</u>	<u>5,117,776</u>
Cash Funds	4,950,219	4,329,373	4,677,163	4,441,293	4,441,293
Federal Funds	689,851	770,372	648,077	676,483	676,483
SUBTOTAL - (B) Special Purpose	28,344,662	24,237,373	30,176,913	29,984,768	28,866,069
<i>FTE</i>	<u>12.1</u>	<u>12.4</u>	<u>8.8</u>	<u>11.8</u>	<u>11.8</u>
Cash Funds	25,210,231	21,875,977	27,928,836	27,708,285	27,039,586
Federal Funds	3,134,431	2,361,396	2,248,077	2,276,483	1,826,483
TOTAL - (5) Division of Parks and Wildlife	129,726,450	127,202,952	139,803,033	141,841,155	140,722,456
<i>FTE</i>	<u>881.7</u>	<u>885.6</u>	<u>886.5</u>	<u>886.5</u>	<u>886.5</u>
General Fund	471,773	0	150,000	150,000	150,000
Cash Funds	109,913,658	108,570,717	117,785,467	119,795,183	119,126,484
Reappropriated Funds	0	0	0	0	0
Federal Funds	19,341,019	18,632,235	21,867,566	21,895,972	21,445,972

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(6) COLORADO WATER CONSERVATION BOARD

(A) Administration

Personal Services	<u>2,598,915</u>	<u>2,934,737</u>	<u>3,076,632</u>	<u>3,127,556</u>	<u>3,127,556</u>
FTE	27.2	29.8	30.0	30.0	30.0
Cash Funds	2,302,888	2,643,150	2,785,045	2,835,969	3,127,556
Reappropriated Funds	296,027	291,587	291,587	291,587	0
Operating Expenses	<u>467,950</u>	<u>472,514</u>	<u>472,894</u>	<u>472,894</u>	<u>472,894</u>
Cash Funds	467,950	472,514	472,894	472,894	472,894
River Decision Support Systems	<u>394,781</u>	<u>340,708</u>	<u>474,511</u>	<u>479,379</u>	<u>479,379</u>
FTE	3.0	2.9	4.0	4.0	4.0
Cash Funds	394,781	340,708	474,511	479,379	479,379

SUBTOTAL - (A) Administration	3,461,646	3,747,959	4,024,037	4,079,829	4,079,829
FTE	<u>30.2</u>	<u>32.7</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>
General Fund	0	0	0	0	0
Cash Funds	3,165,619	3,456,372	3,732,450	3,788,242	4,079,829
Reappropriated Funds	296,027	291,587	291,587	291,587	0

(B) Special Purpose

Intrastate Water Management and Development	<u>419,686</u>	<u>433,896</u>	<u>470,464</u>	<u>470,464</u>	<u>470,464</u>
Cash Funds	419,686	433,896	470,464	470,464	470,464

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Federal Emergency Management Assistance	<u>144,559</u>	<u>137,298</u>	<u>153,373</u>	<u>156,089</u>	<u>156,089</u>
FTE	2.0	2.0	2.0	2.0	2.0
Cash Funds	0	0	13,732	13,732	13,732
Federal Funds	144,559	137,298	139,641	142,357	142,357
Weather Modification	<u>13,972</u>	<u>19,400</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Cash Funds	13,972	19,400	25,000	25,000	25,000
Water Conservation Program	<u>251,453</u>	<u>294,314</u>	<u>366,425</u>	<u>355,771</u>	<u>355,771</u>
FTE	3.5	3.9	4.0	4.0	4.0
Cash Funds	251,453	294,314	366,425	355,771	355,771
Water Efficiency Grant Program	<u>413,069</u>	<u>389,126</u>	<u>598,788</u>	<u>600,804</u>	<u>600,804</u>
FTE	1.0	1.0	1.0	1.0	1.0
Cash Funds	413,069	389,126	598,788	600,804	600,804
Severance Tax Fund	<u>1,264,801</u>	<u>1,267,050</u>	<u>1,275,500</u>	<u>1,275,500</u>	<u>1,275,500</u>
Cash Funds	1,264,801	1,267,050	1,275,500	1,275,500	1,275,500
Interbasin Compacts	<u>938,298</u>	<u>735,905</u>	<u>1,147,968</u>	<u>1,153,131</u>	<u>1,153,131</u>
FTE	3.7	3.8	3.7	3.7	3.7
Cash Funds	938,298	735,905	1,147,968	1,153,131	1,153,131
Platte River Basin Cooperative Agreement	<u>192,533</u>	<u>188,729</u>	<u>239,762</u>	<u>242,438</u>	<u>242,438</u>
FTE	1.0	1.0	1.0	1.0	1.0
Cash Funds	192,533	188,729	239,762	242,438	242,438
S.B. 02-87 Colorado Watershed Protection Fund	<u>67,625</u>	<u>66,451</u>	<u>119,942</u>	<u>119,942</u>	<u>30,000</u>
Cash Funds	67,625	66,451	119,942	119,942	30,000

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
CWCB Construction Fund Projects Bill	<u>32,040,000</u>	<u>4,870,254</u>	<u>5,250,000</u>	<u>0</u>	<u>0</u>
Cash Funds	32,040,000	4,870,254	5,250,000	0	0
Phreatophyte Control Cost Sharing	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Cash Funds	0	0	2,000,000	2,000,000	2,000,000
Emergency Dewatering Grants	<u>0</u>	<u>0</u>	<u>165,000</u>	<u>290,000</u>	<u>290,000</u>
Cash Funds	0	0	165,000	290,000	290,000
Indirect Cost Assessment	<u>542,289</u>	<u>436,480</u>	<u>489,283</u>	<u>386,929</u>	<u>386,929</u>
Cash Funds	491,158	408,801	448,704	338,836	338,836
Federal Funds	51,131	27,679	40,579	48,093	48,093
H.B. 12-1278 South Platte Alluvial Aquifer Study	<u>395,293</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	395,293	0	0	0	0
SUBTOTAL - (B) Special Purpose	36,683,578	8,838,903	12,301,505	7,076,068	6,986,126
<i>FTE</i>	<u>11.2</u>	<u>11.7</u>	<u>11.7</u>	<u>11.7</u>	<u>11.7</u>
General Fund	0	0	0	0	0
Cash Funds	36,487,888	8,673,926	12,121,285	6,885,618	6,795,676
Federal Funds	195,690	164,977	180,220	190,450	190,450

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
TOTAL - (6) Colorado Water Conservation					
Board	40,145,224	12,586,862	16,325,542	11,155,897	11,065,955
<i>FTE</i>	<u>41.4</u>	<u>44.4</u>	<u>45.7</u>	<u>45.7</u>	<u>45.7</u>
General Fund	0	0	0	0	0
Cash Funds	39,653,507	12,130,298	15,853,735	10,673,860	10,875,505
Reappropriated Funds	296,027	291,587	291,587	291,587	0
Federal Funds	195,690	164,977	180,220	190,450	190,450

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(7) WATER RESOURCES DIVISION

(A) Division Operations

Water Administration	<u>18,944,306</u>	<u>20,294,851</u>	<u>20,895,829</u>	<u>21,203,600</u>	<u>21,203,600</u>
FTE	234.8	235.3	252.0	252.1	252.1
General Fund	18,534,732	19,399,824	20,194,633	20,527,404	20,527,404
Cash Funds	409,574	77,290	701,196	676,196	676,196
Reappropriated Funds	0	817,737	0	0	0
Well Inspection	<u>190,045</u>	<u>131,348</u>	<u>379,038</u>	<u>379,038</u>	<u>379,038</u>
FTE	2.0	2.0	3.0	3.0	3.0
Cash Funds	190,045	131,348	379,038	379,038	379,038
Satellite Monitoring System	<u>497,506</u>	<u>398,063</u>	<u>505,028</u>	<u>505,028</u>	<u>505,028</u>
FTE	1.3	1.0	2.0	2.0	2.0
General Fund	194,967	168,116	194,968	194,968	194,968
Cash Funds	302,539	229,947	310,060	310,060	310,060
Federal Grants	<u>258,308</u>	<u>337,214</u>	<u>194,260</u>	<u>194,260</u>	<u>194,260</u>
FTE	0.4	0.0	0.0	0.0	0.0
Federal Funds	258,308	337,214	194,260	194,260	194,260

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
River Decision Support Systems	<u>206,232</u>	<u>206,232</u>	<u>211,208</u>	<u>211,208</u>	<u>211,208</u>
FTE	2.0	2.2	2.0	2.0	2.0
Cash Funds	206,232	206,232	211,208	211,208	211,208
SUBTOTAL - (A) Division Operations	20,096,397	21,367,708	22,185,363	22,493,134	22,493,134
FTE	<u>240.5</u>	<u>240.5</u>	<u>259.0</u>	<u>259.1</u>	<u>259.1</u>
General Fund	18,729,699	19,567,940	20,389,601	20,722,372	20,722,372
Cash Funds	1,108,390	644,817	1,601,502	1,576,502	1,576,502
Reappropriated Funds	0	817,737	0	0	0
Federal Funds	258,308	337,214	194,260	194,260	194,260

(B) Special Purpose

Dam Emergency Repair	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash Funds	50,000	0	50,000	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>	<u>61,589</u>
Cash Funds	0	0	61,589	61,589	61,589
Indirect Cost Assessment	<u>36,285</u>	<u>47,780</u>	<u>74,677</u>	<u>72,490</u>	<u>72,490</u>
Cash Funds	25,379	45,966	66,494	66,851	66,851
Federal Funds	10,906	1,814	8,183	5,639	5,639
CWCB Construction Fund Projects Bill	<u>340,744</u>	<u>325,506</u>	<u>330,000</u>	<u>0</u>	<u>0</u>
Cash Funds	340,744	325,506	330,000	0	0

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (B) Special Purpose	427,029	373,286	516,266	184,079	184,079
<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	416,123	371,472	508,083	178,440	178,440
Federal Funds	10,906	1,814	8,183	5,639	5,639
TOTAL - (7) Water Resources Division	20,523,426	21,740,994	22,701,629	22,677,213	22,677,213
<i>FTE</i>	<u>240.5</u>	<u>240.5</u>	<u>259.0</u>	<u>259.1</u>	<u>259.1</u>
General Fund	18,729,699	19,567,940	20,389,601	20,722,372	20,722,372
Cash Funds	1,524,513	1,016,289	2,109,585	1,754,942	1,754,942
Reappropriated Funds	0	817,737	0	0	0
Federal Funds	269,214	339,028	202,443	199,899	199,899
TOTAL - Department of Natural Resources	263,261,350	236,130,478	263,919,227	256,985,431	255,269,891
<i>FTE</i>	<u>1,382.8</u>	<u>1,403.3</u>	<u>1,462.6</u>	<u>1,462.7</u>	<u>1,462.7</u>
General Fund	25,098,484	26,240,500	27,671,518	28,862,163	28,847,621
Cash Funds	203,907,450	175,665,881	198,404,864	192,996,510	192,065,355
Reappropriated Funds	8,234,876	8,404,130	8,701,045	8,025,256	7,705,668
Federal Funds	26,020,540	25,819,967	29,141,800	27,101,502	26,651,247

Appendix B – Department Memos Regarding the Addition of CWCB Footnotes

The memos included on the following pages were submitted to JBC staff on February 4, 2016 and include the Department's rationale for the suggested addition of footnotes to two line items in the Colorado Water Conservation Board: the Phreatophyte Control Cost Sharing line item and the Emergency Dewatering Grants line item. These programs were created and funded by legislation passed in the 2015 legislative session.



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

1313 Sherman Street
Denver, CO 80203

P (303) 866-3441
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John Hickenlooper, Governor

Bob Randall, Interim DNR Executive
Director

James Eklund, CWCB Director

TO: Carly Jacobs, JBC Staff

FROM: Chris Sturm and Tina Heltzel, CWCB Staff

DATE: February 4, 2016

SUBJECT: HB15-1006 spending authority extension request

Bill Summary

H.B. 15-1006 creates the two-year Invasive Phreatophyte Grant Program to fund projects that manage invasive phreatophytes within the riparian areas of the state. The grant program is authorized to receive \$2,000,000 in FY 2015-16 and up to \$2,000,000 in FY 2016-17 from the Severance Tax Operational Fund. Because the program was created as a Tier 2 Operational Account program, reductions to the program may occur in FY 2015-16. Further, under a specific provision in the bill, funding for the program in FY 2016-17 will be eliminated entirely if Tier 2 cuts are implemented in FY 2016-17.

Request

Since it is difficult to expend funds for projects that last multiple years, the Colorado Water Conservation Board (CWCB) will need multi-year spending authority for funds appropriated for the Invasive Phreatophyte Grant Program. For that reason, the CWCB is requesting spending authority in FY 2017-18 for all unspent funds from the previous fiscal year, with an extension through June 30, 2018 to spend these funds.

Background

The CWCB Invasive Phreatophyte Control Program was first approved by the CWCB Board in May of 2009. The program was revised in July of 2015 to incorporate elements outlined in H.B. 15-1006. The grant guidance document and application were approved by the CWCB Board in July 2015. The two documents were then made available to the public. Applications were due on November 13, 2015. Grant award announcements were made on January 22, 2016. It will take several months to contract the majority of the projects, and most projects are not likely to begin until the late spring and summer of 2016. The projects require several years in order to succeed. The first year typically involves removal of the woody invasive plants. The second year is dedicated to secondary weed and re-sprout treatment. Riparian area re-vegetation typically takes place during the second and third year, and then monitoring continues for five years. The CWCB funded portions of these activities will not extend beyond June 30, 2018. Most of the projects awarded for funding will require the full time-frame allotted in the legislation, i.e. project completion is scheduled for spring 2018.

For informational purposes, funding for this grant program comes from the Severance Tax Operation Fund. Based on the December, 2015, Legislative Council Staff forecast, proportional cuts to all Tier 2 programs have been implemented for this fiscal year. Since the bill assumes that if there are Tier 2 program reductions, an amount lesser than \$2,000,000 will be given to this grant program. On July 1, 2015, the grant program received its first statutory timeframe 40% allocation of \$800,000 and an additional \$420,718 will be given to the grant program on January 1, 2016 (using statutory timeframes). It is too early to determine the exact amount that will be given to the grant program for the third installment, but based on declining oil and gas prices, the third installment will be significantly lower than what is normally expected. While the grant award announcements were made on January 22, 2016, some grantees, which



were prioritized lower on the award list, were awarded contingent grants dependent on energy prices and potential effects from additional reductions.

The Department's FY 2016-17 budget request contains a request of \$2,000,000 for "Phreatophyte Control Cost Sharing". Originally, this was intended to provide spending authority for the second year of program funding. Based on current revenue forecasts, the Department no longer expects to receive any new severance tax revenue for this program in FY 2016-17. However, the Department is still seeking approval of the \$2,000,000 of spending authority, which it anticipates needing almost in full to spend the first year of program revenue which will be received – but not expended - in FY 2015-16. Further, the Department is requesting multi-year spending authority for this line item which could be achieved by adding the below footnote to the requested new Phreatophyte Control Cost Sharing line item:

Department of Natural Resources, Colorado Water Conservation Board, Phreatophyte Control Cost Sharing – This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first.





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Department of Natural Resources

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John Hickenlooper, Governor

Bob Randall, Interim DNR Executive
Director

James Eklund, CWCB Director

TO: Carly Jacobs
FROM: Andy Moore and Tina Heltzel, CWCB Staff
DATE: February 4, 2016
SUBJECT: HB15-1178 spending authority extension request

HB15-1178 creates the Emergency Dewatering Grant Program and transfers \$165,000 in FY 2015-16 and \$290,000 in FY 2016-17 from the General Fund to the CWCB Construction Fund for program implementation. Given the standard appropriation clause contained in the legislation, the bill requires that these funds be utilized only during the fiscal year in which they have been appropriated. Since it is difficult to expend the funds for projects that will cross several fiscal years, and because of additional challenges, the CWCB is requesting spending authority in FY 2017-18 for all unspent funds from the previous fiscal year with an extension through July 1, 2018 to spend these funds.

In FY 2015-16, the CWCB received a transfer of \$165,000 for the grant program. The CWCB anticipates that a portion of these funds should be spent by June 30, 2016, but it is unlikely that the entire amount will be expended before the end of the fiscal year. While there has been interest in the funding from several parties, none of the FY 2015-16 grant funds have been spent to date due to unforeseen circumstances. To provide an explanation, an initial grant for the Town of Gilcrest, in the amount of \$90,000, was approved by the CWCB Board in July 2015. However, the CWCB Board approval was contingent upon the applicant getting the necessary agreements and permissions in place for the dewatering operation. Although these agreements and permissions were initially viewed as reasonable to obtain, after several months of working with stakeholders, the applicant was not able to get the necessary agreements in place, and so a contract for the funds was not executed.

Recently, the Town of Gilcrest submitted a second grant application for \$139,800, which will be presented to the CWCB Board for review in the latter part of January 2016. If the \$139,800 grant request from Gilcrest is approved by the CWCB Board at the end of January, a contract will likely be in place by the end of February. This allows the applicant only four months before the end of the fiscal year to spend the funds. While this is possible, it is unlikely given the compressed schedule to complete the project. In addition, a grant application for over \$100,000 for the Sterling area is also expected to be received in February of 2016, and this grant application will be presented for review at the March CWCB Board meeting. If the Sterling grant request is approved in March, and has a contract in place by the end of April, there will be only two months remaining in the current fiscal year to complete the project and expend these funds.

For FY 2016-17, the CWCB anticipates additional grant applications and, because of the challenges that the CWCB has experienced, coupled with projects that rely on seasonality of the fieldwork, i.e., good weather, to complete, it is likely that the \$290,000 will not be fully spent by June 30, 2017. Therefore, the CWCB is requesting that spending authority for the \$290,000 be granted through FY 2017-18. In addition, the Department may seek spending authority in FY 2017-18 for any monies not spent in FY 2015-16. The multi-year spending authority requested could be achieved by adding the below footnote to the requested new Colorado Emergency Dewatering Grant Program line item:

Department of Natural Resources, Colorado Water Conservation Board, Emergency Dewatering Grants – This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first.

