DEPARTMENT OF NATURAL RESOURCES
FY 2009-10 JOINT BUDGET COMMITTEE HEARING AGENDA

Thursday, January 7, 2010
9:00 am – 12:00 pm

9:00-9:15 INTRODUCTIONS AND OPENING COMMENTS

9:15 -9:40 OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND

(See the issue write-up beginning on page 9 of the JBC staff briefing document covering the DRMS, the CGS, the OGCC, and the SLB).

1. **Please discuss the solvency of the Operational Account and the structural problems discussed in the Department's response to staff's questions regarding the prioritization of spending from the account. Does the Department believe that the General Assembly should reduce expenditures from the Account to better align revenues and expenditures?**

The Operational Account of the Severance Tax Trust Fund is not having any problems in terms of solvency. Under Section 39-29-109.3 (3), the Operational Account is required to keep certain cash fund reserves. These reserves equate to about $20 million per year. In part because the Department has worked with the Governor's Office and General Assembly to manage expenditures, these reserves have been kept inviolate over recent years. Looking forward, the Department projects that these reserves will continued to be fully maintained going forward. The Department's commitment to managing this fund responsibly, combined with the fact that statutes provide for an automatic balancing mechanism which involves proportionate reductions, will keep the Operational Account solvent for years to come.

While the Operational Account is fully solvent, the Department has been concerned that there is a structural imbalance whereby more spending is authorized from the Account each year than there is revenue. While recent projections from Legislative Council have improved this situation considerably, there still appears to be a structural deficit. Thankfully, the improved economic forecast has reduced the size of this problem. This structural imbalance is detailed in the table below:

	FY 2009-10	**FY 2010-11**	**FY 2011-12**
Projected Revenue	$19.2 million	$39.5 million	$49.7 million
Authorized Spending	$37.6 million	$56.4 million	$49.2 million
Difference	($18.4 million)	($16.9 million)	+ $0.5 million

Note: Authorized Spending includes estimated spending for Tier 1 programs as well as full funding for Tier II programs as authorized in the Colorado Revised Statutes.

Essentially, projected spending is significantly greater than projected revenues in each of the next two years. As such, we are projected to spend down the balance in the Operational Account by about $35 million over the next two years. While the large current fund balance will allow for this through FY 2010-11 with few practical problems, problems could be experienced as early as FY 2011-12. As usual, however, fluctuations in the price of oil and gas can quickly and dramatically change the status of the Operational Account.

When examining the above table, it is important to keep a few things in mind. First, the General Assembly has already reduced FY 2009-10 Operational Account spending by almost $23 million pursuant to S.B. 09-293. In addition, S.B. 09-125 (the annual CWCB Projects Bill) eliminated $500,000 of staffing costs that had previously been funded from the Operational Account of the Severance Tax Trust Fund and instead permanently refinanced them with CWCB Construction Fund moneys. Despite these reductions, spending continues to exceed estimated revenues. Finally, when looking at estimated expenditures, it is important to note that several important natural resource programs will likely be reauthorized over the next few years, requiring additional program expenditures not reflected in the above table (the table only reflects statutorily authorized program expenditures). For example, the Species Conservation Program will need an additional $3.0 to $4.0 in FY 2011-12 and $7.0 to $8.0 million each year thereafter to continue important species conservation programs. Similarly, the water efficiency grant program will require annual transfers of $550,000 starting in FY 2012-13. Currently, the water efficiency grant program is spending down a cash fund balance built up by prior year severance tax transfers, but this cash balance will be completely spent down by the end of FY 2011-12. Finally, the Matching Grants to Soil Conservation Districts program run through the Department of Agriculture also sunsets at the end of FY 2010-11 and hence is not shown in FY 2011-12. Given these additional needs, the above table likely under-represents actual programmatic needs for programs funded out of the Operational Account.

The Department believes that expenditures from the Operational Account should be reduced as needed to balance to the March 2010 economic forecast. Given the volatility of severance tax revenue projections, it is wise to use the final forecast of the Legislative Session for purposes of balancing Operational Account spending. There are two reasons that the Department would support such potential reductions if needed to balance to the March 2010 forecast. First, because the Department does not believe all programs can equally sustain spending reductions, the Department has always preferred wisely and strategically managing Operational Account reductions as opposed to relying on the proportional reductions required by statute. Second, the Department believes that the Operational Account reserves should only be used to backfill <u>unanticipated</u> declines in severance tax revenues. Imagine a scenario where the Operational Account budget passed by the General Assembly prior to the beginning of a fiscal year was projected to utilize some of the reserves or, even worse, the budget required proportional reductions to Tier II programs, due to revenue declines that were anticipated when the budget was passed. In this scenario, the cushion for Tier II programs would be partially or fully utilized prior to the start of the fiscal year and there would be little to no ability to cushion against unanticipated revenue declines that occurred during the actual fiscal year in question. The Department does not believe it is responsible to set budgets that do not anticipate maintaining the full amount of the required reserve. As was done with S.B. 09-293, the Department will work with the General Assembly and Governor's Office to balance spending in a way which anticipates fully meeting all Operational Account reserve requirements.

A final point: the Department strongly believes that spending should be reduced only as required to balance for the upcoming fiscal year (in this case, FY 2010-11). Quite simply, out-years are too far away and too uncertain. Given how much severance tax projections are likely to go up and down over the coming months, balancing multiple years would be both painstaking and fruitless.

9:40-10:00 COLORADO WATER CONSERVATION BOARD

<u>Colorado Water Conservation Board Construction Fund and Perpetual Base Account of the Severance Tax Trust Fund</u>

2. What will be the impact to water projects in the State if the General Assembly were to transfer $106.5 million in FY 2009-10 and FY 2010-11 from the CWCB Construction Fund and the Perpetual Base Account of the Severance Tax Trust Fund?

To help reduce the recent General Fund shortages, the General Assembly has already taken over $107 million from the CWCB Construction Fund and the Severance Tax Perpetual Base Account, which already has affected water projects in the State by limiting the funds available for water projects. The proposed scenario of an additional transfer of $106.5 million will affect not only water projects but all of the CWCB operations and programs, as well as the overall health of the two funds. The combination of taking over $213 million could reduce the value of the funds by $287 million over the next 20 years (including foregone interest earnings on the CWCB loan portfolio).

Without the ability to make loans, CWCB will be stranding many water users who have already indicated the need for money to rehabilitate diversion structures and reservoirs with dam restrictions and the acquisition of water rights for augmentation to ameliorate the effects of recent court opinions. The CWCB anticipates over $12 million of requests for the remainder of this Fiscal Year 2010. Over the next few years, our projections show that we have the prospect of over $105 million worth of both small loan projects (under $10 million each) and some major projects. The CWCB is the only practical option for many of the small municipalities and water districts in obtaining loans for augmentation water, rehabilitation of structures, and participation in larger water supply projects like Chatfield Reservoir. Banks are very unlikely to make these smaller loans at the interest rates CWCB is able to provide, providing a vital service to the State. If funding is shifted away, small communities and water districts are left with few, if any, options for project financing. These projects allow water users to put their rights to the maximum beneficial use and increase their economic viability. On the larger scale, the State will not be able to meet its water needs in the near future without water projects moving forward. CWCB estimates that Colorado's population will double by 2050 and it will take over $2 billion of projects to help meet the associated water supply needs of that population. Without State funding, many proposed projects cannot move forward and cities will be forced to buy water from farmers, thus drying-up even more agriculture land and threatening not only Colorado's food supply but its rich agricultural economy.

The transfer of $53 million from the Construction Fund takes away all non-reimbursable funds that are used for the satellite monitoring program and flood response activities. The satellite monitoring system is important both to the Division of Water Resources in administering water rights and assuring compliance with Interstate Water Compacts as well as to the CWCB in protecting instream flow water rights. Getting rid of non-reimbursable programs would also eliminate the State's ability to leverage over $6 million annually of federal and local money for such programs as floodplain mapping, without which communities would be unable to obtain federal flood insurance, and watershed protection. Non-reimbursable funds provide for the very important programs that the CWCB provides to the state: water supply planning for the future, compact protection, instream flow protection, water conservation and drought planning, and further data collection and analysis for such projects as the Colorado River Water Availability Study and the Arkansas Valley Decision Support System. Finally, transferring all but $70,000 out of the CWCB Construction Fund would leave the Department with serious cash flow issues. With essentially no money left in its funds, the CWCB may be temporarily unable to pay salaries and other expenses the CWCB is obligated to pay.

10:00-10:20 DIVISION OF WILDLIFE

Decision Item #3: Shift Funding for the Division of Wildlife from the Capital Construction to the Operating Budget

3. Is this request going to result in operational efficiencies for the projects, or is this a more transparency and accountability oriented request?

A portion of the projects the Division requests annually are repeated yearly for continual and on-going activities such as fence construction, facilities maintenance, and "grant programs", (e.g. shooting ranges and wetlands improvements). By definitions contained in statute and in budget instructions, these programs are more operating in nature than capital construction. The main reason for this request is to shift those projects to a more appropriate operating budget line item. The Capital Development Committee (CDC) in the past has questioned why there appeared to be operating types of projects in the capital request. This shift addresses this issue.

4. Would the Divisions have an increase in spending flexibility by transferring these line items from the capital construction to the operating request?

The Division can be more responsive to maintenance needs by transferring these line items from capital to operating. Combining this transfer to operating with the consolidation of line items from thirteen to six lines (4 proposed capital and 2 new operating), allows more responsiveness and flexibility to changing priorities because funds can be reallocated to higher priorities within the proposed 6 lines, rather than the current 13 lines.

5. **Explain the need for footnotes allowing the expenditure of funds in three years instead of one.**

   These types of projects were historically funded with capital construction funds which have a three year appropriation. Most of these projects are completed within the first year of the appropriation; however, each year several projects are not able to be completed in the first twelve months due to unforeseen conditions such as reservoirs not drawing down to the level needed for construction of a boat ramp, a late snow melt restricting access to high altitude sites, prolonged permitting processes involving mitigation of wetlands, hatchery production schedules and prolonged procurement processes. These unforeseen circumstances extend some projects into a second or third fiscal year. Consequently, one year may not be enough time to complete all the projects and a four or five year appropriation would not be necessary. A three year appropriation has worked well.

6. **Is the Division of Wildlife setting enough money aside for maintenance of properties that were purchased or built?**

   There are two categories of maintenance for the DOW: 1) routine and ongoing maintenance (i.e. painting or mowing the lawn) and; 2) controlled maintenance (i.e. where a statewide and uniform condition assessment is applied to the asset). This request is to shift controlled maintenance from capital to operating. The routine and ongoing maintenance will remain in operating.

   DOW has spent on average (excluding staff time) $2.9 million on routine and ongoing maintenance projects which include improvements to land and structures located on DOW properties. Since FY 2007-2008, the DOW has increased the yearly budget for routine and ongoing maintenance by approximately $500,000. DOW believes that this level of funding is adequate and if the need arises, additional funds would be allocated towards maintenance.

   In FY 2005-2006, the DOW performed a Controlled Maintenance pilot study for the DOW's facilities. As a result of this study, in FY 2006-2007, the DOW began to fund a Controlled Maintenance program. This program includes an asset inventory, a list of needed improvements, and a letter grade assessment of the condition of all DOW buildings. The long range evaluation of life cycles and replacement costs of the major buildings and infrastructure systems determined a funding level of approximately $600,000 per year, which was needed to maintain buildings at or above a "fair" condition. This $600,000 for controlled maintenance is included in the requested operating line item.

10:20-10:55 DIVISION OF PARKS AND OUTDOOR RECREATION

State Parks Funding

7. **The State Parks system is facing approximately $150 million or more in outstanding maintenance and renovation projects related only to health and safety projects. At the same time, State Parks is considering placing certain parks under 'care taker' or 'open space' status. Given current funding levels, what is a sustainable state park system?**

The $150 million figure cited above is a very preliminary estimate of anticipated future capital needs related to infrastructure renovation and improvement projects in addition to health and safety projects. It was prepared by State Parks field staff in spring of 2007. It therefore is not accurate to characterize this preliminary estimate as truly representing an "outstanding" need, since to do so implies measures of certainty and accuracy that do not exist. To eliminate these uncertainties and develop a more accurate estimate of the cost of infrastructure renovation, repair, and replacement needs, State Parks is in the process of compiling a thorough physical inventory and condition assessment of its assets and facilities to support intensified park management and capital master planning. The inventory and condition assessment will be completed in FY 10-11 and will provide a reliable basis for estimating future capital renovation and controlled maintenance needs on individual state parks within the state parks system. The $150 million estimate from 2007 that is referenced in the question has been often quoted, but the committee should be aware of its limitations and State Parks' efforts currently underway to improve upon it.

It nevertheless is true that State Parks' future capital and operating needs in an increasingly uncertain fiscal environment raise questions about the sustainability of the state park system. Assuming current funding levels, the current state park system is likely not sustainable without a number of changes. The State Parks Board and staff have been working for some time on the complex and challenging question of what constitutes a "sustainable" park system. Most recently the Parks Board spent two days in early December 2009 engaged in this problem. The staff and the Board are developing a comprehensive financial plan that will answer the question raised by the committee. State Parks also promised to develop such a plan in response to the 2008 Performance Audit.

8. **The Parks Board has increased the allocation of lottery funding to State Parks Operations by $750,000 in order to more accurately reflect the fact that a significant amount of state parks were acquired and developed using lottery proceeds. The State Auditor 2008 report recommends that the department develop a tracking system to ensure that lottery funds are allocated for operational purposes only to parks that have been acquired, developed, or expanded with lottery proceeds. When does the Department anticipate completing such a tracking system?**

For FY 09-10 the Parks Board proposed to reduce lottery funds for capital projects by $750,000 and reallocate that amount to operating expenses. This action was taken to meet an immediate need to manage to a budget characterized by a $3 million reduction in revenues in FY 09-10. While the Parks Board and staff believe this reallocation is consistent with the legal limitations prescribed in C.R.S. 24-35-210 (4.1)(c)[1], this action was not taken, as the question above suggests, to "more accurately reflect the use of lottery funds in the past to acquire and develop parks."

State Parks does track the expenditure of lottery funds on capital projects. What has not been tracked historically, however, is the precise mix of different fund sources (lottery, GOCO, federal) cumulatively invested in capital projects at an individual park level since the inception of the lottery. Per the recommendation in the 2008 Performance Audit, State Parks is committed to reconstructing this funding history, though there are many practical issues that must be overcome to accomplish this. These include definitional problems (e.g., what is the exact distinction between "capital investment" and "O&M"? Is the relevant figure the *gross* capital investment or the *depreciated* capital investment?), legal interpretations, availability of data, and the format of the data. The Division has begun work on these and has secured a legal opinion from the AG's Office. We have also obtained electronic files with expenditure data for about one-third of the years in question. The Division has implemented changes in its accounting for capital expenditures that will facilitate tracking these cumulative investments in the future.

The Division believes it can have all the definitional and data problems addressed by the end of FY 09-10. Based on that, and depending on the exact methodology selected for determining the cumulative investments by fund source for each park since inception of the lottery, the actual compilation of the data will be completed by the end of FY 10-11. This assumes the Division will not be faced with the need to further downsize the park system in the next eighteen months, which would require redirection of limited staff resources.

9. What additional measures is the Parks Board undertaking to address the budget shortfall at State Parks?

In addition to reallocating $750,000 of lottery funds from capital projects to operating expenses, the State Parks Board also has undertaken several additional targeted revenue enhancement and cost containment measures to manage an overall reduction in revenues in FY 09-10 of approximately $3 million. These measures include scaling back operations at several state parks, certain targeted fee increases, reductions in seasonal employees, elimination of vacant positions, and some layoffs.

More recently, in response to the need to achieve additional expenditure reductions in FY 09-10 due to declining revenue forecasts, the State Parks Board and staff have been working closely with the Governor's office and the Executive Director's office of the Department of Natural Resources to identify a strategy to achieve additional General Fund savings of approximately $2.1 million. Through this collaborative effort, we have determined that such savings could only be achieved theoretically through extensive reductions in work force throughout the state parks system, resulting in the need to close or scale back operations at a large number of parks, effectively shutting down the state parks system. Practically,

[1] C.R.S. 24-35-210 (4.1)(c) states that "lottery money may be appropriated for the division's operating budget for expenditures attributable to the maintenance and operation of state parks, state recreation areas, or recreational trails, or any portions thereof, that have been acquired or developed with lottery money."

however, it would be impossible to achieve these savings before the end of the fiscal year due to the time required to comply with personnel rules and procedures governing workforce reductions.

With respect to the longer term, three strategies for achieving long term sustainability are emerging from State Parks Board discussions. These include: (1) measures to further reduce operating expenditures; (2) measures to increase revenues: and (3) strategic realignment of the State Parks "portfolio." Considerable analysis remains to be done and efficient implementation of the various strategies will take time.

Expenditures - Possible strategies include: 1) looking at the potential for concessioning out certain functions currently performed by State Park employees; 2) investment in energy saving technologies and retrofits to reduce energy costs; and 3) expanding the use of volunteers. Few if any of these could be implemented in the immediate future (i.e., FY 09-10 or FY 10-11).

Revenues - Possible strategies include working with partners to increase financial support for specific state parks in the system, exploring ways to maximize fee revenue (such as differential pricing), expanding cost-effective marketing efforts, and encouraging increased private contributions to support park operations. A good example of a partner support strategy is provided by Lake Pueblo State Park. This park requires the largest operating subsidy of any state park, and upcoming costs to renovate and refurbish the aging capital infrastructure are enormous. Lake Pueblo and most of the surrounding park land are owned by the U.S. Bureau of Reclamation (BOR); State Parks manages recreation at the reservoir under an agreement with the BOR. To ensure Lake Pueblo continues to be part of the State Park system, the Division may need to consider discussions with the BOR and local partners to gauge willingness to provide financial support at the park. Without this, and if General Fund support does not continue, State Parks would need to seriously consider partial closure or transfer of the park back to the federal government. Increased partner funding support is not an option in the very near term, but could be a viable strategy for achieving sustainability in FY 11-12 and beyond.

Strategic realignment – This consists of altering the current portfolio of 44 state parks to achieve a more efficient and balanced park system. Potential options include divesting certain parks and/or the management of certain parks by other entities to continue providing public recreation. Many factors are involved, including complicated land ownership -- State Parks owns only 22 percent of the land and water acres managed. Additionally, there are many restrictions arising from the use of federal and other funding sources on state parks. For example, a boat ramp constructed with federal funds must either continue to be maintained for public use, or the agency must refund the federal dollars or replace the boat ramp elsewhere at its own expense. Revenue loss is another consideration; all parks generate some revenue that would be lost if the park were divested. Such a realignment of the park system would also be complicated by conflicting statutory requirements (providing affordable access to outdoor recreation to all citizens of the state and its visitors), and so on. With the continued decline in General Fund support, the historic priority of providing affordable, nearby access for all citizens would need to be re-examined. Strategic realignment is also a longer term (FY 11-12 and beyond) strategy.

10. What is the status of the three reservoir closures on the Eastern plains? Have Bonny, Pueblo, or John Martin been closed? Are there currently plans to close them? If so, when will those closures occur? Are any other parks slated for closure? Are other closures being discussed but not slated for closure as yet?

None of these reservoir parks has been completely closed. However, the majority of the facilities at Bonny Reservoir State Park have been closed, effectively placing Bonny Reservoir State Park in a "caretaker" status, while operations at John Martin and Lake Pueblo have been scaled back in lesser degrees. Although there are currently no plans to close these state parks, such options are being considered for these and all other parks, depending on the level of General Fund support, severance tax support, and revenues generated by other sources available to State Parks.

Due to the many potential closure liabilities at Bonny Reservoir State Park, costs are minimized by placing the park on "caretaker" status as opposed to completely closing it as a state park. Recreational water storage rights at Bonny Reservoir were acquired with federal Land and Water Conservation Funds, the terms of which require continued public access for recreational purposes. Similarly, the boat ramps have been constructed and improved with federal Wallop-Breaux Motorboat Access funds, which require that the ramps be operated to provide public access. If these conditions are not met, the funds either need to be repaid to the federal government or the assets must be replaced with state funds.

Operations have been most severely curtailed at Bonny Reservoir, as follows:

<u>November 1 through April 30</u>
- Visitor Center closed
- Entrance stations closed (i.e., not staffed)
- All campgrounds closed – except that 10 sites and a vault toilet in Wagon Wheel campground remain open (out of the 190 total campsites in the park)
- All day use areas closed
- Lake closed to all boating

<u>May 1 through October 31</u>
- Wagon Wheel campground fully open – 87 electrical sites, 1 vault toilet, 1 shower house with laundry facilities and 1 flush restroom
- South Side boat ramps are open
- Foster Grove campground open for overflow camping only and when needed on Holidays – otherwise the 42 site campground with a vault toilet, dump station and shower house will remain closed
- Day use areas on the south side of the lake are open – all other day use areas closed including ATV track
- Visitor center open 5 days per week with temporary staff
- North Cove campground closed – 26 sites with 2 vault toilets
- East Beach Campground closed – 35 sites with 2 vault toilets

Additionally, full time State Parks staff at Bonny has been permanently reduced from 4.0 down to 1.0 FTE.

Operations at John Martin have been scaled back as follows:

<u>November 1 through April 30</u>
- Visitor Center closed
- Entrance stations closed
- Lake Hasty campground - 10 sites (out of 109) remain open with 1 flush restroom
- Point Campground closed – 104 non-electrical sites with 3 vault toilets
- All day use areas closed
- Lake closed to all boating

<u>May 1 through October 31</u>
- Lake Hasty campground fully open – 109 electrical sites, 1 shower house and 1 flush restroom
- Boat ramps are open
- Point Campground closed – 104 non-electrical sites with 3 vault toilets
- Day use areas open, but with limited patrol
- Visitor center open 5 days per week with temporary staff

Operations at Lake Pueblo State Park have been scaled back as follows:

<u>October 16 through April 14</u>
- Visitor Center open 5 days per week
- Entrance stations closed
- Northern Plains and Arkansas Point campgrounds closed
- Juniper Breaks campground remains open – vault toilets only – no water
- Day use areas open, but limited patrols
- Boating is restricted to day light hours only

<u>April 15 through October 15</u>
- All campgrounds fully open – 392 sites, 2 vault toilets, 5 shower houses and 8 flush restrooms.
- All boat ramps and marinas are open
- Day use areas open
- Visitor center open 5 days per week with temporary staff
- Swim beach open 5 days a week Memorial Day thru Labor Day

11. Are there any reservoirs being closed due to zebra mussels?

No, though hours of operation at many boat ramps throughout the state parks system have been restricted during traditional boating seasons to ensure that boats are thoroughly inspected for the possible presence of zebra or quagga mussels prior to launch. At Lake Pueblo State Park, the only facility in the state parks system at which zebra mussels have been detected, inspections are required for boats leaving the reservoir as well as launching. In addition, winter-time closures have been instituted throughout the system to further contain the risk of spread of invasive species while managing costs of the inspection system.

These winter-time closures coincide with historic patterns of low boating activity, and therefore affect very few park system users.

12. Can the Department use wildlife funds for state parks? Don't state parks have wildlife habitats that would qualify for the use of these funds?

Yes, but the manner in which these funds can be used is subject to important limitations in federal law.

Wildlife funds are currently being used for a number of activities related to wildlife-based recreation at state parks including construction of boat ramps, enhancing motorboat and fishing-related parking lots (i.e. paving, enlarging, etc.) and access roads, installing toilets, installing docks and fishing piers, and stocking fish. However, the occurrence of wildlife habitat within a given state park does not, per se, allow for the use of wildlife funds for park management.

The Division of Wildlife receives about $18 million annually from two federal grant programs, generally referred to as Pittman-Robertson (PR) and Dingell-Johnson (DJ) funds. These federal funds are derived from excise taxes on firearms as well as hunting and fishing equipment. By federal law, these funds can be used only for fish and wildlife management, fish and wildlife research, hunter training, public target ranges, aquatic education and boating access. More importantly, to be eligible for these federal grant funds, a state must pass "assent legislation" agreeing to limit the use of cash revenues generated from the sale of hunting and fishing licenses to essentially these same wildlife purposes. Colorado has adopted the required assent legislation (see Section 33-1-117, C.R.S. for assent to the Pittman-Robertson Act and see Section 33-1-118, C.R.S., for assent to the Dingell-Johnson Act). If hunting and fishing license revenues are used for purposes other than wildlife management by the state wildlife agency (referred to as "diversion"), such as to help operate state parks, Colorado would become ineligible to receive the $18 million in annual federal funding.

13. Could the State combine Parks and Outdoor Recreation and the Division of Wildlife into one entity? Does this make sense? Why or why not? Would this help with the funding issues at state parks? Why or why not?

The General Assembly and the Governor, working together, could decide to merge the Parks and Wildlife Divisions. However, such a proposal would raise a number of complex issues. First, a merger of two divisions would require significant and numerous statutory changes. Second, such a merger would be complex and would be both time and resource intensive. It is likely that a decision to merge two large divisions with diverse missions and relatively large employee bases would require a short-term increase in funding to manage all of the issues related to a merger and a transition. In addition, mergers – whether of business units or state agencies – inevitably pose questions of how different cultures can be merged, how leadership transitions will be structured, as well as the challenges of educating employees about their new mission and roles. Clearly, such mergers can and have been done. Just as clearly, mergers can be challenging and complex endeavors. Ultimately, such efforts must be done and managed well in order to maintain and improve services to customers or constituents.

For the reasons noted above, it would be virtually impossible to complete a merger of these two divisions within the current fiscal year. In fact, a merger likely could not be completed in less than 18-24 months. A merger would impose short-term tangible and intangible costs and would yield no cost reductions in the short term. It is difficult to predict whether a merger of these two divisions would yield any longer-term cost savings, although a study of such a merger completed in 2004 at the request of the Joint Budget Committee concluded that a merger of these two divisions would not be beneficial to the state and would not yield significant cost savings.

Those issues aside, the Department is continually engaged in a process of examining its operations for opportunities to reduce inefficiencies, break down silos, and produce greater benefits for the citizens of Colorado at lower costs. We will continue to do so, and we will examine potential synergies between these two divisions that would be both beneficial to Colorado and produce cost savings.

14. Why continue to buy properties for parks when we have to raise fees for the current level of properties? Is State Parks setting enough money aside for maintenance of properties that were purchased or built? Has there been a new opinion stating that GOCO or Lottery funds can be used for maintenance as long as GOCO or Lottery funds purchased the property? If so, who issued this opinion and under what authority?

State Parks has not acquired any new parks in the last nine years, and has no immediate plans to acquire properties for new state parks. However, in order to protect investments in the state parks system made between 1959 and 1999, the agency has made strategic acquisitions of inholdings, buffers, and access points when opportunities arise.

Such acquisitions are funded from an acquisition budget of $340,000 per year, comprised entirely of GOCO funds, out of a total operating and capital budget of over $60 million. And while it is true that such strategic acquisitions of inholdings within and buffers to existing parks can add marginally to administrative and operating expenses (fencing, signage, enforcement, access issues), these acquisitions protect existing investments, respond to changing conditions that may affect any given park, and help achieve benefits that are at least commensurate with, if not in excess of, any additional operating costs.

Funds are not accumulated and set aside for use in future periods for property operations and maintenance (O&M). Rather, funds are budgeted each year out of current period revenues to pay for O&M. These revenues are derived mainly from lottery, Great Outdoors Colorado, fees, and General Funds. State Parks has implemented changes in its capital project management system in the past year to more critically consider the impact of O&M costs when evaluating proposed buffer or inholding acquisition projects. Among other things, O&M costs arising from capital projects are estimated and analyzed when the capital project is under consideration, and strategies for covering the O&M costs are addressed explicitly during the capital project approval process.

State Parks has not requested a new legal opinion on the subject of the use of lottery and GOCO funds for maintenance. Last year the division obtained an informal opinion from the AG's office, which was forwarded to the JBC staff.

15. Has a refinance of State Parks with Severance Tax dollars ever been done before? Why does the Department think that this funding source is appropriate?

Severance tax dollars currently fund a portion of State Parks' operating budget as a result of S.B. 08-13. Strictly speaking that legislation, which provided for the use of severance tax funds at State Parks for the first time, did not "refinance" anything, since there was no simultaneous reduction in General Fund appropriations. However, at that time annual General Fund appropriations had been undergoing a long term decline relative to State Parks' total operating budget. The general theory behind S.B. 08-13 was that severance tax would be used to support the operating deficit at a number of state parks in regions of the state where mineral and energy development is occurring. This is consistent with the spirit under which the Operational Account was originally created, in that the money would be used for natural resources programs and to help offset the irrevocable loss when depletable natural resources are gone. One of the intended benefits behind S.B. 08-13 was helping communities maintain diverse economies - including a strong tourism based economy - so that when the depletable natural resources were gone, the impact on the local economy would be somewhat offset by a strong tourism sector.

16. If the Department closes state parks, is the Department considering selling the closed parks? Provide an analysis and recommendation of the top candidate parks for closure. Include in the analysis the costs saved versus forgone revenues for a net impact of closure.

Yes, if a park were closed, the potential to sell the park property would be considered. However, it should be noted that State Parks owns only 22% of the land and water acres under its management. Of the land owned by State Parks, considerable acreage was acquired using either federal funds (primarily grants from the federal Land and Water Conservation Fund) or GOCO funds. Sale of these parcels would likely require mitigation through replacement with a similar public recreation opportunity or financial reimbursement.

As the response to Question #18 below indicates, State Parks has not completed the development of a prioritized list of possible parks for closure. Please refer to the response to Question #18 for additional information regarding this matter.

17. Which parks are profitable and which ones are not? Based on a business model, which parks should be closed? What impact do parks have on the economy in Colorado? Please be as specific as possible when discussing the benefits. How does the department determine if a park is profitable or has a benefit on the economy?

No parks are profitable under accepted business definitions of the term (positive return on investment). This definition includes operating, maintenance and capital investment costs.

Moreover, Colorado's state park system benefits the public in general and was never designed to be "profitable" or 100% self-sufficient:

"*The general assembly hereby finds, determines, and declares that the system of state parks and state recreation areas is vital to the economic health and well-being of the entire state of Colorado and ….. as a matter of state policy the system of state parks and state recreation areas* <u>*should be financed as much as reasonably possible*</u> *through revenues derived from the users of such system.*" (C.R.S. 33-12-100.2)

Currently, General Fund and severance tax funding provide less than 15% of State Parks' total budget (operating and capital). According to information compiled annually by the National Association of State Park Directors, about three-fourths of the state park systems in the United States require greater general tax support than Colorado's.

The parks in the system provide many public benefits, even to citizens who never visit our parks. These benefits must be considered along with the relative profitability of the parks in making decisions about closure. Some of these factors include: significant economic benefit to the local community (discussed below); providing local or regional access to outdoor recreation opportunities where none or few alternatives exist; protection of unique landscapes and natural resources; providing affordable access to outdoor recreation for all Colorado's citizens; and providing clean facilities and public safety at outdoor recreation areas. Coloradans greatly appreciate the fact that the parks act as green buffers, helping to mitigate air pollution, noise and other environmental stressors. Many believe that their quality of life is enriched by convenient access to natural settings, recreational and cultural opportunities and open space, and greenways, rivers and trails located in and adjacent to communities. It is important to point out that the parks offer excellent opportunities for health and fitness. With increasing numbers of obese and overweight Coloradans, getting people outdoors and active are important components of disease prevention. Our parks give our children a place to play, connect to nature and learn about the natural world.

"Profitability" can be measured a number of different ways. The division has focused primarily on the "net operating loss" at each park, which is defined as the operating revenues generated directly at the park minus the operating expenditures incurred directly at the park. More refined measures would also include amortization or depreciation of past capital investments, annualization or net present value of anticipated future capital investments, and allocation of indirect revenues and costs.

The Parks Board and State Parks staff are in the early stages of developing this more refined analysis on which a legitimate prioritization of park closures could be based. A preliminary illustration of how individual parks within the system compare with one another based on "net operating loss" is attached. It must be emphasized that this does not represent a prioritized list of park closures. Before any actual closure list is developed, more analysis would be needed regarding: questions of closure liability, which has many different forms and varies from park to park; possible alternatives to closure (such as discussed above with respect to Lake Pueblo State Park); local economic impacts; potential loss of unique or important natural resource values, and additional financial considerations. Despite its simplicity, however, the attached listing of each park's net operating income or loss provides an illustrative guide to how such a closure prioritization process could proceed.

All parks have a positive economic impact on the local communities in which they are located. These impacts can be measured in a number of different ways. A recent survey of park visitors by Corona Insights defined the economic impact as expenditures made within a fifty mile radius of the park by park visitors who travel to the park from outside that fifty mile radius. Based on that definition, the total economic impact (not including indirect multipliers) was $396 million in 2008. A table showing the totals by park is attached. The full report by Corona Insights has been forwarded to the JBC Staff.

Decision Item #4: State Parks Capital Line Item Consolidation and Capital Reorganization

18. Is this request going to result in operational efficiencies for the projects, or is this a more transparency and accountability oriented request?

There should not be any affect on efficiency. The proposal is based on trying to more accurately reflect the actual use of the funds, and thereby achieve greater transparency.

19. Would the Divisions have an increase in spending flexibility by transferring these line items from the capital construction to the operating request?

Moving the funding from capital construction to the operating budget will not provide State Parks with any additional spending flexibility. Theoretically, the reduction in number of appropriated line items would increase the Division's flexibility to address unanticipated needs. That said, however, the division has no plans to change the way the funds are used. The proposal is based on an attempt to more accurately reflect how the funds are actually being used.

20. Explain the need for footnotes allowing the expenditure of funds in three years instead of one.

This applies to funds which are granted by State Parks to third parties, mainly in the form of trails grants and fuel mitigation projects. These are operational expenditures but the nature of the program is such that the projects have a life cycle that exceeds twelve months. In the case of trails grants, for example, each year a grant cycle is announced and applications are solicited, applicants have a period of time in which to prepare applications, applications are reviewed and analyzed by staff, applications are reviewed and selected by the State Trails Committee, projects are approved by the Parks Board, grants are awarded to successful applicants, applicants enter into a grant agreement with State Parks, grantees perform the work (oftentimes limited to a certain seasonal timeframe), grantees submit a billing statement to State Parks, and State Parks disburses the funds. The total elapsed time between announcement of the grant cycle and disbursement of funds by State Parks far exceeds twelve months and is typically in the 24 to 36 month timeframe. The division does not consider it prudent to announce a grant cycle and award grants until the funding has been appropriated and set aside.

21. Would the proposed move of Off-Highway Vehicle Grants from the capital construction side of the budget to the operating side have any impact on the way funds have been used historically?

This move would have no effect on how the funds are used.

10:55-11:05 BREAK (IF NEEDED)

11:05-11:20 STATE BOARD OF LAND COMMISSIONERS

Direct Sales Legislative Proposal

(See the issue write-up beginning on page 21 of the JBC staff briefing document covering the DRMS, the CGS, the OGCC, and the SLB).

22. Please provide additional background and justification for the direct sales proposal, including specific properties where the authority would be necessary or helpful to the Land Board's operations and why the authority would be helpful. For example, please discuss the implications for properties such as Manitou 16.

In accordance with law, policy, and good practice, the State Land Board (SLB) typically disposes of land through a public auction process. Public auctions typically are the best means to ensure that disposal of trust assets is accomplished in a manner consistent with the SLB's fiduciary responsibilities. However, the SLB also has identified categories of properties for which it would be both (1) advantageous to the trust beneficiaries and (2) helpful in fulfilling broader public purposes if the SLB had the authority to make direct sales to local governments. These property categories, and some examples, include:

1. *Remnant parcels (e.g. reverted rights-of-way), especially those for which operating costs often exceed the value of the property.* Examples include:

   - **Town of Creede reverted right-of-way (ROW)**: The Creede ROW cost the SLB about $10,000 in legal and operating expenses over the period required to dispose of this parcel to the Town, a process that was completed in 2009 after several years of false starts. The value of the 100-foot reverted ROW was less than $5,000. Had the authority to complete a direct sale to the town been in place, the SLB would have saved expenses associated with the disposition and the Town of Creede would have avoided the risk and uncertainty of possibly losing is primary sales tax generator, the local grocer, which sought to expand its building footprint onto the reverted ROW. Faced with the uncertainty of competing in the public auction process, the grocer gave serious consideration to moving to another location outside the Town's incorporated boundaries, an action that could have resulted in significant negative financial impacts to the community.

   - **City of Pueblo reverted right-of-way (ROW)**: While a portion of this former rail ROW has been disposed through the public auction process, the SLB retains ownership of about half of the original ROW. This remainder is encumbered by several privately owned buildings as well as public streets, alleys, and easements that have encroached upon the ROW prior to its reversion to SLB ownership. The SLB's cost of curing these encumbrances almost assuredly will exceed revenues that could be generated through the public bid process. A direct sale would allow the City of Pueblo to divide ownership of the property and perhaps promote redevelopment of the area, tasks which the City desires to undertake and for which it is better suited than the SLB given the SLBs' fractured ownership.

2. *Properties historically planned for and managed as natural open space by local government, should the local government desire to acquire the property to further local land use and / or open space protection plans.* Such properties, especially those that have been leased for open space purposes or have become to be popularly regarded within the local community as part of that community's natural heritage, often can be very difficult to convert to non-open space uses due to the influence of strong local constituencies and the corresponding difficulty of altering historic use patterns. In limited instances, it can be both advantageous to the SLB's trust beneficiaries and respectful of local priorities to enter into a direct sale with local government to ensure permanent protection of a given property as open space. Examples include:

   - **Jefferson and Boulder County Open Space:** Several SLB parcels in Jefferson and Boulder counties could benefit from direct sales to local government open space programs at prices supported by qualified appraisals. These parcels are either entirely or largely surrounded by regional open space and/or parks. Also access, topography, and mining legacies severely impact the development potential of large parts of these properties. While the SLB may seek public disposal of some portions of these properties, in many instances the best use of the remainder likely is as public open space or parkland. Also property sold through public bid or retained by the SLB could increase in value as a result of adjoining with protected open space.

   - **Manitou Section 16** – Manitou Section 16 is located southwest of Colorado Springs near the city's Red Rock Canyon Open Space and El Paso County's Bear Creek Canyon Park. The property is very steep in places and has limited access. The property has been leased for recreational open space purposes and incorporated into regional open space park plans and use patterns for years. Since a private owner likely would need to acquire access through surrounding open space in order to develop the parcel, any private offers made through a public bid process likely would be discounted to reflect the cost and risk associated with securing access. In this instance, a direct sale to the City of Colorado Springs for a price supported by a qualified appraisal appears to be the best option to efficiently secure benefits for the trust beneficiaries while fulfilling long-standing local open space protection priorities.

3. *Properties undergoing development entitlements (e.g. annexation or rezoning), where value can be added to property the SLB is seeking to entitle or to adjacent or nearby SLB property through the sale of other property to the local government.* Examples include:

   - **Lochbuie parcel:** Local government entitlement processes often require the dedication of property for roads, schools, and parks. The Town of Lochbuie process required a 10-acre park as a term of its annexation of 160 acres of state trust land. However, due to a general lack of parks and open space within the community, Lochbuie asked for an additional park/open space dedication that, together with the required open space dedication, was about 150% of standard dedication requirements. A private party undergoing a similar entitlement process likely could have sold or otherwise agreed to a value exchange for the extra dedication. The SLB, however, could not do so even through the value to the trust of the entire annexed and rezoned property was significant.

- **Sterling Industrial Park**: Recently, the City of Sterling has sought to take advantage of opportunities to secure commitments by large industrial interests seeking to expand manufacturing activities in Logan County, thereby potentially creating hundreds of new jobs. However, the city had little suitable property to offer these prospects because much of the target property which is south of the I-76 is owned by the SLB. After considerable effort, and at considerable additional risk, the city successfully competed in the public bid process to secure a suitable track of land to promote its economic development goals. However, the costs and uncertainty of this process could have been avoided had the SLB been able to complete a direct sale to the city.

The proposed direct sales authority would ensure that SLB assets are disposed of at prices consistent with fair market value as determined by a quailed appraisal, but also in a manner which reduces both risk and opportunity cost the SLB may incur due to inherent characteristics of a given parcel that make it attractive to local governments but less well-suited to the public bid process.

BEST Bill Implementation

23. Please provide additional detail on the allocation of funds from the BEST Bill (H.B. 08-1335). Is any of this funding allocated outside of the School Finance Act?

While the BEST Bill is a beneficiary of the revenue generated by the State Land Board from School Trust Lands, the Department does not have a role in implementing the bill. The information below is from the Colorado Department of Education (http://www.cde.state.co.us/scripts/reforms/detail.asp?itemid=389414).

> A nine-member Public School Capital Construction Assistance Board (Assistance Board) oversees what is known as the “BEST” legislation, approved by the 2008 Colorado State Legislature. BEST stands for Building Excellent Schools Today.
>
> The BEST legislation (House Bill 08-1335) increases the level of financial assistance provided to school districts, charter schools, institute charter schools, BOCES, and the Colorado School for the Deaf and Blind for capital construction projects. It’s anticipated that BEST legislation will provide approximately $500 million for capital projects including new schools, major renovations, additions and smaller projects.

With local matching contributions, the $500 million may be leveraged to as much as $900 million or $1 billion.

Colorado's legislative leadership, the Governor, State Treasurer Cary Kennedy, and a large coalition worked together on this for their ambitious and landmark legislation.

The BEST legislation addresses health and safety issues by providing funds to rebuild, repair or replace the State's most dangerous and most needy K-12 facilities. The BEST plan calls for a statewide needs assessment, an expert-guided process for the selection of schools and projects for funding, and spending up to $1 billion in funds without raising taxes to tackle the safety of our schools.

Hazards and issues being addressed include, but aren’t limited to, failing roofs, structural problems, inadequate fire safety, faulty and dangerous boilers, asbestos, code issues, inadequate educational suitability, overcrowding, faulty and dangerous electrical service, poor indoor air quality, lack of ADA accessibility, and carbon monoxide contamination.

With no new taxes, the BEST plan leverages $30-40 million of revenue annually from the School Trust Lands, and additional State Lottery revenues, to raise up to $500 million in capital. It's anticipated that the combined state and local revenues will be enough to repair hundreds of existing schools and to build many new ones.

The School Trust Land is property the federal government granted to Colorado for the benefit of its school children upon statehood.

Progress to Date

- The Assistance Board has adopted the Building Excellent Schools Today (BEST) program rules.
- The Assistance Board has established, and adopted in rule, construction guidelines.
- In 2009 the Assistance Board reviewed two rounds of grant applications, made recommendations to the State Board, and $212.8 million of BEST Cash and Lease-Purchase grants have been approved. The grants include $98.6 of matching funds for a total of $311.4 million of construction costs on 69 projects in 57 school districts. Unfortunately, one of these projects failed a 2009 ballot issue for matching funds and won’t be funded. These projects are being

managed by the Public School Capital Construction Assistance or BEST Division.

- Of the awarded grant projects Alamosa Re-11J, Sangre De Cristo Re-22J, and Sargent Re-33J became the first grantee's to utilize the BEST Lease-Purchase fund to build new schools. All three districts had successful bond issues in November 2008 to use as matching funds for their new school projects. The Lease-Purchase team consists of underwriters, bond consultants, financial institutions, attorneys, staff from the State Treasurer's Office, and CDE Staff.
- Projects are prioritized as follows:
    - o Projects addressing health, safety and security.
    - o Projects to relieve overcrowding or to eliminate modulars.
    - o Projects that incorporate technology into the educational environment.
    - o Other
- The Division's technical assistance staff have made may site visits to school districts and charter schools across the State to identify and prepare projects for the BEST grant applications. Division staff also attended conferences and meetings to speak about the BEST grant program as well as the statewide facility assessment.
- The statewide facility assessment of every public school facility began in March 2009 and is currently on schedule to be completed in early 2010.

11:20-11:40 OIL AND GAS CONSERVATION COMMISSION

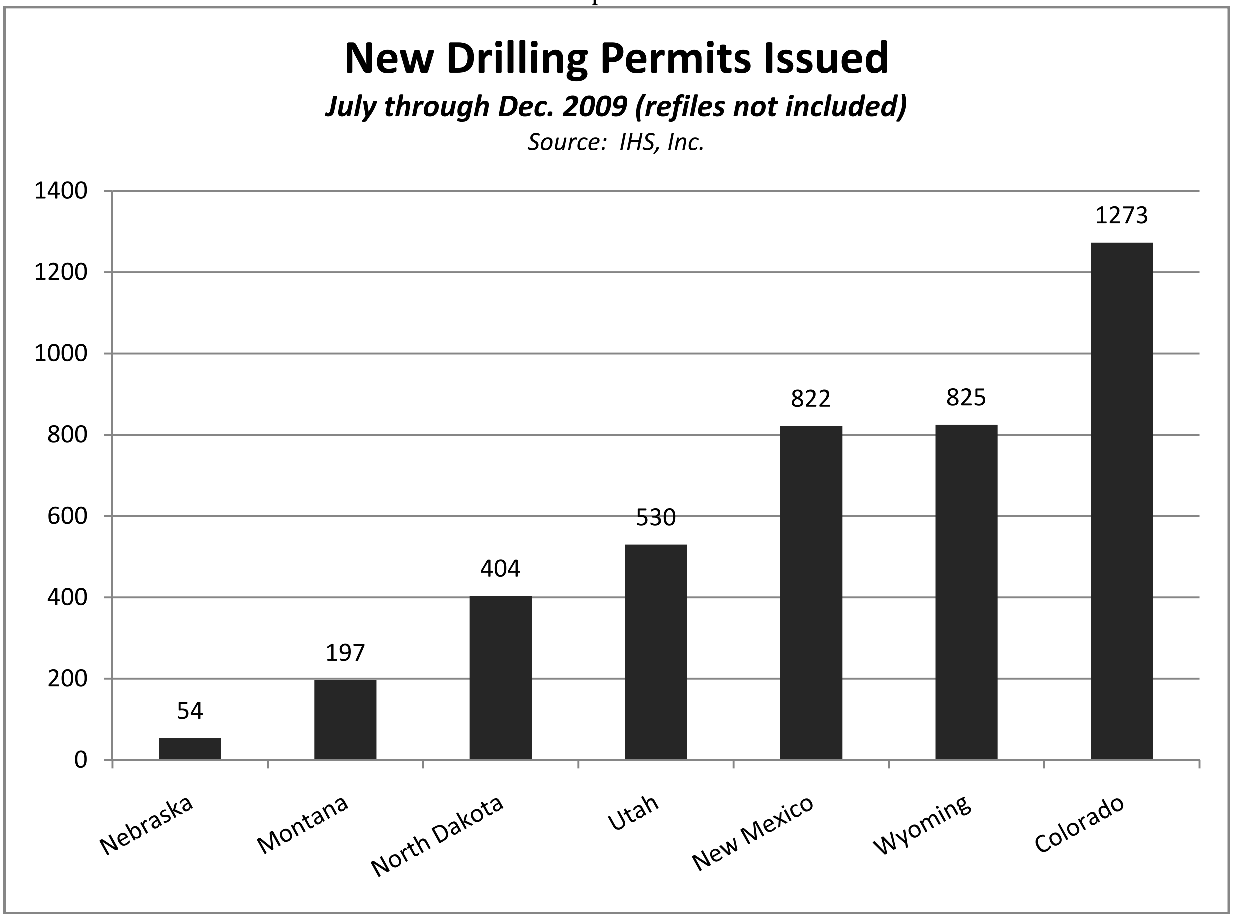
<u>Oil and Gas Activity and the OGCC Workload</u>

(See the issue write-up beginning on page 16 of the JBC staff briefing document covering the DRMS, the CGS, the OGCC, and the SLB).

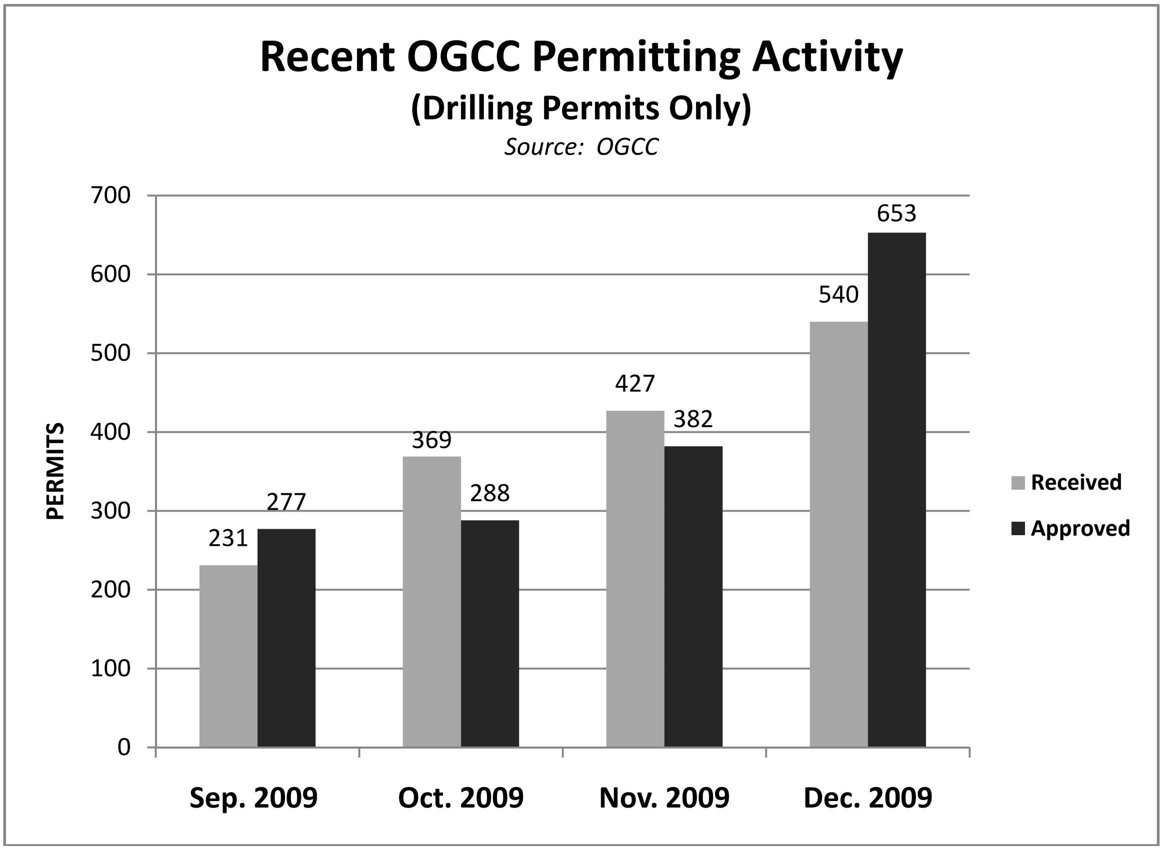
24. Please discuss the causes of the decline in oil and gas activity, including the submission of applications for permits to drill (APDs) and development activity on the ground.

As in most other states, oil and gas activity in Colorado decreased in 2009 due to the steep decline in the price of natural gas. The sharpness of the recession, abundant supplies of domestic gas and the development of vast new shale gas plays in the Gulf Coast and the Northeast have all contributed to the downward pressure on price, which has reduced both the submission of APDs and the drilling of new wells.

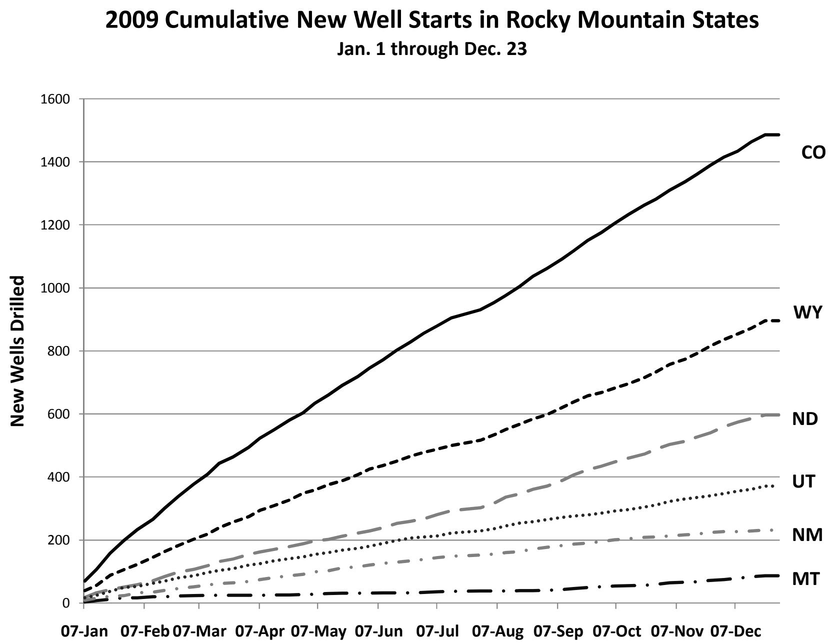
Although the number of APDs submitted in Colorado decreased during 2009, Colorado still remained among the top states nationally in both APDs received and drilling permits issued. Colorado issued more drilling permits during 2009 (5,159) than any of our neighboring states, including Wyoming (5,106), Kansas (2,800), Oklahoma (fewer than 2,800), New Mexico (fewer than 2,500), and Utah (1,167). As illustrated by the following figure, Colorado also issued more new drilling permits, *i.e.*, permits for new wells, than neighboring states after the amended rules took effect in April.



Furthermore, as shown in the figure below, the number of both APDs received and permits issued increased significantly over the past 4 months. In December, Colorado received 540 APDs and issued 653 drilling permits, numbers that exceed activity levels in 2007 (436 APDs received, and 511 drilling permits issued).



With respect to drilling activity, the number of new wells drilled in Colorado during 2009 declined, but it still outpaced activity in neighboring states according to the private industry tracking firm Anderson Reports.



Source: Anderson Reports Inc.

Through Dec. 23, 2009, Anderson reported 1,487 new wells being drilled in Colorado compared with 896 in Wyoming and 597 in North Dakota.

In addition, the oil and gas industry continued to make significant investments in the infrastructure needed to process and transport Colorado gas to distant markets during 2009. Significant infrastructure projects undertaken last year include completion of the Rocky Mountain Express Pipeline, Williams' construction of a new $350 million gas processing plant and an associated $50 million pipeline, and the $280 million expansion of the Meeker II gas processing plant, built to handle ExxonMobil's properties in the Piceance Basin.

The most active area in recent months has been the DJ Basin in northeastern Colorado, where wells produce both natural gas and liquid condensates, which are marketed to refineries. The relatively competitive price of oil, which has not suffered as much as gas in the past year, is the primary driver of this activity level. According to Anderson Reports, oil/condensate liquids from the DJ Basin were priced above $50 a barrel for most of 2009 ($57 on 12/23/09) or roughly half the peak price of 2008.

By contrast, Colorado natural gas traded between $2.20 and $3.00 per thousand cubic feet (Mcf) on the spot market in 2009, compared with the $8 to $10 it commanded for most of 2008. In the Piceance Basin, most producers have reported that they require a price between $5 and $8 per Mcf for drilling to be profitable. As a result, drilling activity in the Piceance Basin lagged behind that of the DJ Basin and a number of other states. Although the number of APDs from the Piceance Basin increased significantly in recent months, a similar increase in drilling activity has not yet occurred.

During this difficult period, the OGCC has taken various measures to provide industry with a more efficient permitting process and more certainty for business planning. In early 2009, the OGCC encouraged industry to apply for drilling permits prior to April 1, when the amended rules went into effect. The result was more than 1,400 permit applications received in March, leaving industry with a portfolio of more than 5,000 valid permits to drill during the past year. The OGCC also provided training and direction on the amended rules and is working with other agencies and operators on landscape level drilling plans that will resolve environmental mitigation requirements prior to the submittal of APDs.

More recently, the OGCC extended the duration of drilling permits issued under the amended rules from one year to two, in recognition of the enhanced information and input received and to make them consistent with federal permits. The OGCC has also worked to reduce the average processing time from more than 90 days in March and April to fewer than 40 days in December, while simultaneously decreasing the backlog of APDs awaiting approval from more than 2,000 to about 600.

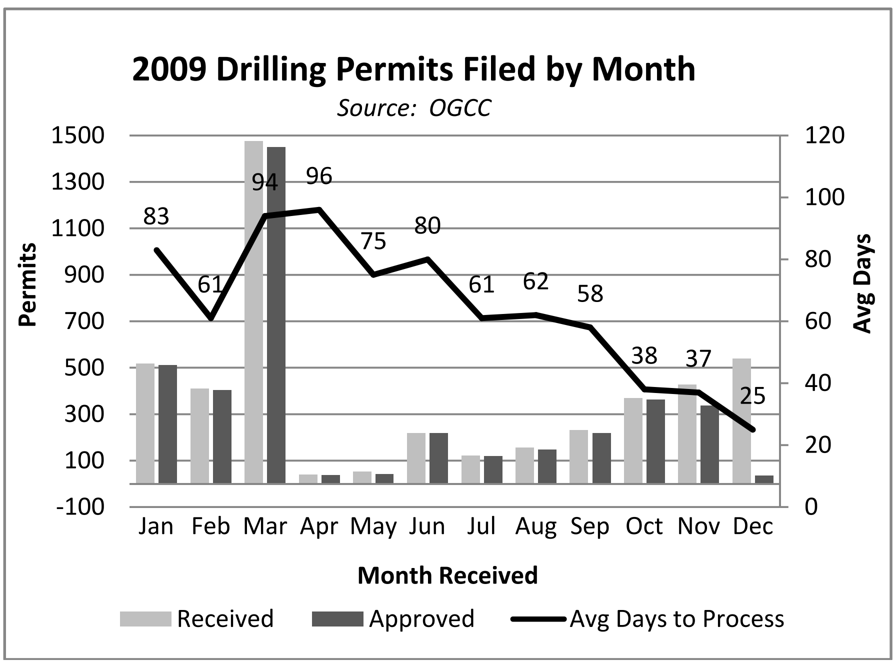
25. Please address the three industry concerns raised at the JBC staff briefing (permit processing time, the lack of wildlife best management practices called for in the final rules, and the impact of the *Vance* decision regarding produced water from coal bed methane wells), including the following specific questions.

- ***(JBC Staff)* Please provide data on permit processing times at the OGCC.**

At the beginning of 2009, there was a backlog of more than 1,400 APDs. This backlog increased to more than 2,000 in April 2009 because operators submitted about 1,475 APDs during March before the amended rules took effect. Largely due to this increased backlog, average permit processing times increased during the first half of the year, reaching about 95 days for applications received in March and April and about 87 days for applications received in May and June. As OGCC reduced the APD backlog and gained experience with the amended rules, the average processing time dropped to about 60 days for applications received in July, August, and September. As OGCC added permitting staff and made certain administrative changes to increase efficiency, the average processing time decreased further to about 38 days for applications received in October and November.

Applications For Permit to Drill (APDs) Filed by Month

Year	Month	Received	Approved	Withdrawn	In Process	Average Days to Process
2009	Jan	519	512	7	0	83
2009	Feb	411	403	8	0	61
2009	Mar	1476	1451	24	1	94
2009	Apr	40	38	2	0	96
2009	May	54	43	11	0	75
2009	Jun	219	218	1	0	80
2009	Jul	122	120	1	1	61
2009	Aug	157	148	9	0	62
2009	Sep	231	219	1	11	58
2009	Oct	369	363	3	3	38
2009	Nov	427	337	1	89	37
2009	Dec	540	35	0	505	25
Year		4565	3887	68	610	

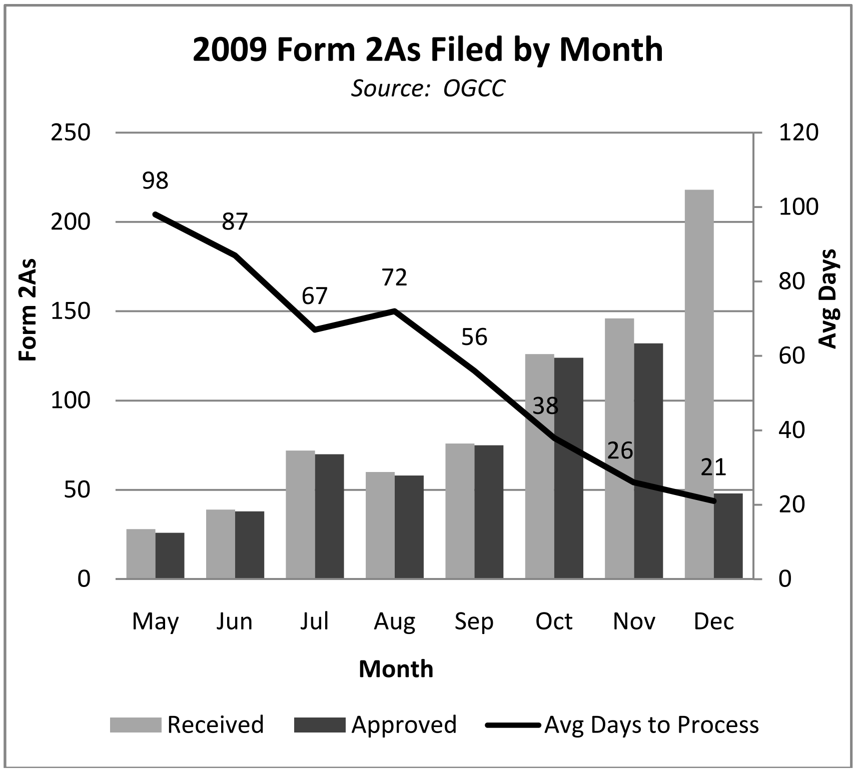


Note: The figures in the chart and graph above reflect the number of APDs received each month and their status, as of December 31, 2009. For example, of the 427 APDs received in November, 337 have been approved, 1 was withdrawn, and 89 are still in process. It took an average of 37 days to process the 337 approved APDs

A similar reduction in processing time occurred with Oil and Gas Location Assessments (Form 2As). When the amended rules took effect, the average processing time was about 90 days for Form 2As submitted in May and June. As operators and OGCC staff gained experience with the amended rules, the average processing time decreased to about 70 days for 2As received in July and August. As the OGCC added permitting staff and made administrative changes to increase efficiency, the average processing time further decreased to 56 days in September, 38 days in October, and 26 days in November.

Oil & Gas Location Assessments (Form 2As)
Filed by Month

Year	Month	Received	Approved	Withdrawn	In Process	Average Days to Process
2009	Apr	0				
2009	May	28	26	2	0	98
2009	Jun	39	38	1	0	87
2009	Jul	72	70	1	1	67
2009	Aug	60	58	2	0	72
2009	Sep	76	75	0	1	56
2009	Oct	126	124	1	1	38
2009	Nov	146	132	2	12	26
2009	Dec	218	48	1	169	21
Total		765	571	10	184	



Note: The figures in the chart and graph above reflect the number of Form 2As received each month and their status, as of December 31, 2009. For example, of the 146 Form 2As received in November, 132 have been approved, 2 were withdrawn, and 12 are still in process. It took an average of 26 days to process the 132 approved 2As.

- ***(Sen. Keller)*** **Does the Department have a deadline for the development of wildlife best management practices?**

We recognize that developing wildlife best management practices (BMPs) is important, but in the near term we need to focus our limited resources on further reducing permit processing times, working through a backlog of enforcement matters, and ensuring that production and other regulatory reports are accurate and up to date. In addition, we expect to spend considerable time during 2010 addressing landscape level drilling plans, including both comprehensive drilling plans and wildlife mitigation agreements.

Assuming we make significant progress in the aforementioned areas over the next six to nine months, we anticipate starting the stakeholder process for developing wildlife BMPs in late 2010.

- ***(Sen. Tapia)*** **Please discuss the Department's regulatory response to the *Vance* decision.**

Historically, the State Engineer has not administered oil and gas wells that produce ground water as water wells or points of diversion. As long as the oil and gas producer did not put the water to beneficial use, the State Engineer did not require that these oil and gas wells obtain a water well permit and be administered. However, the Supreme Court ruling in the *Vance* case clearly indicates that Coal Bed Methane ("CBM") wells that extract tributary ground water place water to beneficial use and, therefore, require water well permits. The Court's decision confirms that the State Engineer has the obligation and authority to administer oil and gas wells consistent with state water law.

Pursuant to the authority outlined in the *Vance* ruling, the State Engineer must take appropriate steps to prevent injury to vested water rights potentially caused by oil and gas wells. These steps include requiring operators of all CBM wells that extract ground water to obtain water well permits (and where necessary, approved Augmentation or Substitute Water Supply Plans). Further, all oil and gas wells, CBM and non-CBM that produce ground water that is tributary to a stream, will be subject to administration by the State Engineer. All ground water in Colorado is presumed to be tributary to natural streams and depletions in an over-appropriated stream system are presumed to cause injury. Therefore, water well permits would need to address injury to senior surface water rights through a Water Court-approved Augmentation Plan. However, if the source of the produced water is nontributary the oil and gas well operator would not need the Augmentation Plan and in some cases would not need the well permits for wells producing from such a source.

In reaction to the *Vance* decision, the General Assembly passed House Bill 09-1303, as codified at C.R.S. §§ 37-90-137, 37-90-138(2), and 37-92-308(11). House Bill 1303 had three primary purposes. First, House Bill 1303 established a reasonable period of delay, until April 1, 2010, before oil and gas wells would be required to obtain Ground Water Act well permits, if needed. Second, House Bill 1303 provided an additional transition period, until December 31, 2012, within which time period operators of CBM wells that withdraw tributary ground water could obtain approval of Substitute Water Supply Plans without having to file applications for Plans for Augmentation in Water Court. Third, House Bill 1303 authorizes the State Engineer to adopt rules to assist in the administration of C.R.S. § 37-90-137(7). The record shows that the Legislature intended that the rulemaking be used specifically to assist the State Engineer in efficiently and expeditiously identifying those oil and gas wells that withdraw nontributary ground water.

- ***(Sen. Tapia)*** **How would the State Engineer's Office's proposed rules affect oil and gas development?**

The rulemaking provides a fast track path to demonstrating that produced ground water is nontributary; thus, it has the effect of minimizing the risk of curtailing some portion of 34,000 oil and gas wells while determinations of compliance with Colorado water law are assessed. The Rules minimize the impact to mineral production industry while protecting senior water rights. The State Engineer's Office submitted Final Rules with the Secretary of State's Office on December 30, 2009.

The test presented by the statutes asks two questions: is the water tributary and is there a beneficial use? If water is put to a beneficial use, then a permit is needed regardless of the source. Many wells tap non-tributary water and are not put to beneficial use; thus, no permit is needed. However, a determination as to the tributary nature of an area or formation is the responsibility of the State Engineer. The current rulemaking approach is to assist the State Engineer in making nontributary determinations by broad geographic and geologic interpretations around the state. This is deemed to be a more efficient and expedient process as compared to a protracted process of piecemeal well-by-well determinations that would place a large regulatory/determinative process burden on both the producers and on water users.

The consequences of not doing this rulemaking would be a drawn out litigious processes, with no economies of scale, to determine areas where oil and gas wells can produce water without permitting and/or administration. Failing to make a determination for ground water that meets the statutory definition of nontributary ground water would result in unnecessary efforts by operators to come into compliance. In some cases, compliance requires obtaining a water well permit from the Division of Water Resources and/or operating according to a substitute water supply plan or water court- approved augmentation plan. Failure to comply, due to costs associated with compliance or due to the difficulty of finding replacement water, would require administration of the well, including curtailment.

- ***(Sen. Tapia)*** **Would rules be retroactive to existing wells or only prospective to future wells?**

In compliance with the statutes and the courts, the Rules will be retroactive to existing wells and will apply prospectively to future wells, if the areas in which those future wells are to be constructed are addressed by the Rules.

26. Please discuss staffing needs at the OGCC. Is the OGCC understaffed at current workload levels? Would additional staff reduce permit processing time? Can the Department provide data on how much processing time would decrease?

Both our remaining backlog of permit applications and our chronic backlogs in data entry, scanning, and review of regulatory paperwork, such as completion and production reports, indicate that we continue to be understaffed. Our addition of temporary permitting staff has allowed us to meet the demands associated with the recent influx in permit applications, but even with this additional staffing we have so far been unable to reduce the backlog of permit applications below about 600 to 700. Moreover, staffing in some of the other records administration functions, which are critical to state and local budgeting decisions, has not increased in 20 years, while the workload has increased by over 200%.

We would expect additional staff to reduce the average permit processing time, but it is difficult to predict how much time would be shaved from the average permit. Issues casting uncertainty on permit processing times include:

- Difficulty in predicting the number of APDs that we will receive in FY 2010-11. As previously discussed, APDs have increased about 150% over the past four months, and future APD levels are likely to fluctuate in response to several factors, including oil and gas prices, the regional and national economy, and the extension of drilling permits from one to two years.

- A recent surge in the percentage of APDs from the Piceance Basin in Northwest Colorado. After several months of receiving APDs focused on Northeast Colorado, nearly half of December's APDs are for the Piceance Basin. More work, including on-site environmental reviews, may be required to approve permits and associated Form 2As in this area, due to the additional protections needed for water, environmental, and wildlife resources.

- The effect of recent administrative and technical adjustments that we have made to enhance permitting efficiency, including adjustments in electronic applications, completeness reviews, and the incorporation of special conditions.

- The pending turnover of four highly qualified temporary staff members currently assisting with permitting. The State personnel system prohibits the employment of State temporary staff for more than 6 months, so most of these workers will be leaving in April. Hiring long term contractors is equally difficult, due to the lengthy bidding process and State personnel rules, which forbid the use of contractors for ongoing work that could be performed by full time employees.

- Limited funding for contractors in FY 2010-11. The OGCC expects to be fully staffed next year, therefore vacancy savings, which have typically been available to hire state temps and contractors, will be limited. The OGCC currently employs eight temporary workers, four who work on permitting, and four who work on scanning, production reporting, and review of other regulatory reports. Only one can remain under current budget projections. We are concerned that an abrupt end to the contract support will lead directly to longer permitting times and larger backlogs of regulatory reports.

27. The OGCC currently has 4.0 appropriated FTE for which there are not sufficient resources to hire staff (see page 20 of the JBC staff briefing document covering the DRMS, the CGS, the OGCC, and the SLB). Staff proposed three alternatives related to the 4.0 currently vacant FTE. One alternative is to provide the additional resources necessary to hire some or all of the vacant FTE. If the positions were funded from the Oil and Gas Conservation and Environmental Response Fund, would doing so require an increase in the mill levy?

The OGCC's ability to fund the 4.0 appropriated positions out of the Oil and Gas Conservation and Environmental Response Fund depends on oil and gas commodity prices and the agency's future expenditures out of its $1.5 million Emergency Response line item. Since this line item was first appropriated in FY 2006-07, expenditures have been $71,904, $344,678, and $0 in fiscal years 2006-07, 2007-08, and 2008-09, respectively. If this trend of relatively low expenditures continues, the OGCC should be able to fund the 4.0 vacant FTE, at a total cost of about $277,000, through the Oil and Gas Conservation and Environmental Response Fund, without increasing its levy rate through FY 2012-13.

The OGCC used the following assumptions to project revenue and expenditures through FY 2012-13:

- December 23, 2009 oil and gas futures prices are relatively accurate through FY 2012-13;

- The OGCC expends an annual average of $300,000 in Emergency Response funds through FY 2012-13;

- The Federal Underground Injection Control grant continues at approximately $97,000 per year; and

- All other line items are fully expended at FY 2010-11 base request levels.

Using the above assumptions, projected year-end balances of the Oil and Gas Conservation and Environmental Response Fund are $2.9 million, $2.5 million, and $2.2 million in fiscal years 2010-11, 2011-12, and 2012-13, respectively.

It is important to note that oil and gas prices can fluctuate significantly from year to year, and a significant, unanticipated price drop in any one year could result in an upward adjustment of our levy rate. Similarly, we have little control over Emergency Response expenditures. We occasionally need to address situations that threaten public health, the environment, and/or wildlife when the responsible party cannot be determined or located. A single large event or multiple events over a one or two year period may require us to raise our levy rate.

11:40-12:00 WATER RESOURCES DIVISION

Ground Water Management Program Funding

28. Provide a budget overview of all programs within the Division of Water Resources that are currently funded with General Fund but would be more appropriately funded through cash fees.

As directed by the Joint Budget Committee, the Division has reviewed its programs currently funded with General Fund in order to assess if any of these would be more appropriately funded through cash fees. The following programs could be or are currently cash funded: a portion of the Ground Water Management Program, a portion of the Satellite Monitoring System, a small portion of the Dam Safety Program, and the Well Inspection Program. The issue of modifying fees for these programs has been discussed in prior years and legislation has been initiated with regard to some. Other programs including surface water administration and hydrography were not viable for full cash funding for either public safety concerns or due to the impractical nature of voluntary fee schemes.

Ground Water Management Program

The Ground Water Management Program is estimated to cost the Division $5.0 million. This includes $4.7 million for the equivalent of 65.0 FTE spread across the Division and $300,000 for operating expenses. These FTE assist with a variety of duties and tie into the surface water program due to Augmentation Plans and protection to senior surface water rights. Many staff work on both surface water and ground water administration; there is no discernable difference between ground and surface water administration and duties are spread across several disciplines. The number of FTE involved in well permitting <u>evaluation only</u> is approximately 17.5 excluding IT, water administration, and administrative support.

The Ground Water Management Program includes the administration of approximately 250,000 wells (not including oil and gas wells). Consistent with legislative direction in the 1969 Water Rights Administration Act, the Division has incorporated ground water operations with surface water operations in order to facilitate the optimum utilization of water and maximize economic opportunity within Colorado, while protecting senior surface water rights.

The Division is 91% General Funded and is the largest component of the Department of Natural Resources' General Fund budget. Fees are generally associated with issuance of water well permits. Currently, the revenue from these fees does not cover the entire cost of the Ground Water Management Program. Revenue from these fees is dependent upon the number of applications received each year. Fully funding the current costs of the Ground Water Management Program of existing structures, by raising permit fees on future permit applications, would place a disproportionate burden on those new users (in effect making them pay for all the past users). To avoid such disproportionate burdens, fees would need to be assessed on all water users. Theoretically, significant cash funding of the agency through use fees would be feasible only if a general user fee were assessed against all water users in the State; however, the Department is not proposing general user fees as an option.

Satellite Monitoring System

The Satellite Monitoring System includes the operation and maintenance of over 500 satellite-linked gaging stations in Colorado. These gages are used for administration of water rights and interstate compacts. The program was initiated in 1985 and has been used extensively by the Division to expand the ability of staff to administer the growing number and increasing complexity of water rights while limiting the increase in total staff. The Division has used fees in this program to assist in the operation of the program. Currently the Division charges $100 per month for operation of a station where an entity can be identified and voluntarily agrees to assist in partial funding for operating and maintenance of the gage.

Additionally there are many gages that the Division relies upon that have no viable cooperating entities, including main river gages and compact gages that are used for general administration. The current voluntary fee system targets only a few water users. However, there are many users who use the data generated for recreational, fishing, environmental, and research needs by accessing the free on-line data provided by the Division.

In order to properly administer water rights, the Division must have data from gages.

Unfortunately, this program is a voluntary program of cooperators, able to target only a few water users. Recently the Division worked with cooperators to increase the number of participants in the Satellite Monitoring System and generate enough cash fund revenue to off-set a portion of the General Fund support of the program that was cut due to the August 2009 budget reduction proposal. Through the Division's effort, General Fund support of the Satellite Monitoring System will be able to be reduced by $60,000 per year. After these discussions with current and potential cooperators, it became clear that they were adverse to higher fees and would likely drop out of the program if the fees were increased.

Well Inspection Program
The Well Inspection Program is cash funded. However, fees were not indexed to inflation; thus, the fees do not generate sufficient funds to fully staff the program as envisioned.

29. Provide a budget overview of the Ground Water Management program. Provide a breakdown of all current individual fees and estimate by how much fees would need to increase in order to fund the Ground Water Management program entirely through cash fees.

The Ground Water Management Program is a part of both the interstate and intrastate water administration programs within the Division. Colorado has permitted approximately 25,000 large capacity non-exempt wells (including agricultural, municipal, and industrial uses) and approximately 225,000 small capacity exempt wells (including domestic uses). Pursuant to legislative and Water Court direction, ground and surface water operations are inextricably interconnected and must be administered together. The effects of ground water withdrawal on surface streams must be considered in the issuance of permits and in the future operation of ground water permits. Therefore, the Division's Ground Water Management Program includes the permitting of all new wells as well as the monitoring of the existing wells to assure that there is no injury to water rights and interstate compacts.

Ground water well permitting is one facet of the overall ground water management that incorporates approximately 17.5 FTE. It is important to emphasize that ground water well permitting is not a standalone program. Because of the integration of surface and ground water, Division personnel have assigned duties that crossover several disciplines. There are several steps associated with the evaluation of a ground water permit, including the following:

- Evaluation of permits (applications) for impact to surface rights;
- Review of ground water (permit) included in court cases;
- Metering of (permitted) ground water withdrawals;
- Inspection of well construction;
- Monitoring of ground water levels;
- Hydrogeologic investigations; and
- Administration of Augmentation Plans and Substitute Water Supply Plans.

The attached spreadsheet shows a breakdown of current individual fees and estimations of how much fees need to be increased to fully fund the Division's $5 million Ground Water Management Program. These are theoretical increases to existing fees, which would include, but are not limited to well permit fees, Substitute Water Supply Plan fees, and dam design review fees. Any refinance will require statutory changes to implement. The Department does not support the option to increase existing fees to fully fund the Ground Water Management Program.

The amount of additional revenue (due to fee differential) equals $5,000,402. Increases include, but are not limited to the following:

- The current well permit application fee is $100; to fully cash fund the Division's $5 million Ground Water Management Program, the well permit application fee would increase by $1,500, to $1,600.
- The current application fee for a new Substitute Water Supply Plan is $300; to fully cash fund the Division's $5 million Ground Water Management Program, the Substitute Water Supply Plan fee would increase by $1,700, to $2,000.
- The current dam design review fee is 0.3% of the total cost of construction, not to exceed $3,000 per plan review; in order to fully cash fund the Division's $5 million Ground Water Management Program, the dam design review fee would be 0.3% of total cost of construction, not to exceed $30,000 per plan review.

It is important to note that the proposal to fully fund the Ground Water Management Program will place the burden of paying higher well permit application fees on new wells, in order to help offset the cost of administration of existing water wells. The Department does not support the option to increase existing fees to fully fund the Ground Water Management Program.

ADDENDUM: QUESTIONS REQUIRING ONLY A WRITTEN RESPONSE

Please provide:

30. Organizational charts for your department, showing divisions and subdivisions (with geographic locations).

This was provided in our November 6, 2009 Budget Request, as described in the OSPB Budget Instructions published on May 29, 2009.

31. Definitions of the roles and missions of your department, its divisions and subdivisions.

This is a part of the Department's Strategic Plan which was submitted in our November 6, 2009 Budget Request, as described in the OSPB Budget Instructions published on May 29, 2009.

32. The number of current personnel and the number of assigned FTE by division and subdivision (with geographic locations), including all government employees and on-site contractors.

The Position and Object Code Detail Report was included in the November 6, 2009 Budget Request as Schedule 14. This is the information that is available on FTE at this time.

33. A specific list of names, salaries, and positions by division and subdivision of any salaried officer or employee making over $95,000 per year in FY 2009-10.

Agency	Position	Job Class	Class Description	Adjusted FY10 Pay
PAA	2000001	166000	Executive Director	$ 141,546.46
PAA	2000002	H6G8XX	MANAGEMENT	$ 140,418.28
PAA	2000003	H6G6XX	GENERAL PROFESSIONAL VI	$ 101,338.89
PAA	2000004	H6G8XX	MANAGEMENT	$ 108,491.82
PAA	2000046	B1A4XX	ACCOUNTANT IV	$ 101,187.69
PAA	2000051	H2I6XX	IT PROFESSIONAL IV	$ 95,256.00
PAA	2000057	H6G8XX	MANAGEMENT	$ 111,411.14
PAA	2000511	H6G8XX	MANAGEMENT	$ 111,411.14
PAA	2000515	B1D3XX	CONTROLLER III	$ 110,690.03
PAA	2000533	H2I7XX	IT PROFESSIONAL V	$ 99,536.12
PAA	2000545	H2I7XX	IT PROFESSIONAL V	$ 110,050.34
PAA	2000578	H6G6XX	GENERAL PROFESSIONAL VI	$ 101,338.89
PBA	2100001	H6G8XX	MANAGEMENT	$ 140,418.28
PBA	2100315	H6U6XX	WILDLIFE MANAGER VI	$ 100,792.25
PBA	2100349	I2C5*A	PROFESSIONAL ENGINEER II	$ 105,781.85
PBA	2100488	I2C5*A	PROFESSIONAL ENGINEER II	$ 103,036.98

PBA	2100527	H6G8XX	MANAGEMENT	$	110,876.12
PBA	2100707	H6U5XX	WILDLIFE MANAGER V	$	96,058.52
PBA	2100759	H6U5XX	WILDLIFE MANAGER V	$	96,500.49
PBA	2100898	B2F4XX	BUDGET & POLICY ANLST IV	$	103,548.74
PBA	2101032	I2C6*A	PROFESSIONAL ENGINEER III	$	109,422.28
PBA	2101040	I2C5*A	PROFESSIONAL ENGINEER II	$	99,466.34
PBA	2101362	I2C5*A	PROFESSIONAL ENGINEER II	$	105,781.85
PBA	2101882	H6U6XX	WILDLIFE MANAGER VI	$	99,617.54
PBA	2101886	H6G6XX	GENERAL PROFESSIONAL VI	$	97,582.15
PBA	2101895	H6G8XX	MANAGEMENT	$	101,978.58
PBA	2101902	H6G8XX	MANAGEMENT	$	109,806.09
PBA	2101911	H6G8XX	MANAGEMENT	$	110,096.86
PBA	2101923	H6G6XX	GENERAL PROFESSIONAL VI	$	98,698.71
PBA	2101937	H6U6XX	WILDLIFE MANAGER VI	$	99,617.54
PBA	2101990	H6G6XX	GENERAL PROFESSIONAL VI	$	101,338.89
PBA	2102006	C9B1XX	VETERINARIAN I	$	100,745.72
PBA	2102017	H6U5XX	WILDLIFE MANAGER V	$	95,093.17
PBA	2102020	H2I6XX	IT PROFESSIONAL IV	$	96,465.60
PBA	2102101	H6G8XX	MANAGEMENT	$	111,411.14
PBA	2102102	H6G8XX	MANAGEMENT	$	111,411.14
PBA	2102103	H6G8XX	MANAGEMENT	$	111,411.14
PBA	2102106	B2F5XX	BUDGET & POLICY ANLST V	$	104,676.92
PBA	2102109	H2I7XX	IT PROFESSIONAL V	$	99,885.05
PBA	2102110	H6G6XX	GENERAL PROFESSIONAL VI	$	99,850.15
PBA	2102111	H6G6XX	GENERAL PROFESSIONAL VI	$	101,338.89
PBA	2102112	H6G6XX	GENERAL PROFESSIONAL VI	$	97,558.89
PBA	2102114	H6G7XX	GENERAL PROFESSIONAL VII	$	105,840.00
PBA	2102144	H2I6XX	IT PROFESSIONAL IV	$	95,069.91
PBA	2102146	H6G8XX	MANAGEMENT	$	111,411.14
PBA	2102161	A2A4XX	CRIMINAL INVESTIGATOR III	$	106,537.85
PBA	2102164	H6G8XX	MANAGEMENT	$	111,120.37
PBA	2102202	H2I6XX	IT PROFESSIONAL IV	$	97,012.25
PBA	2102204	H6U6XX	WILDLIFE MANAGER VI	$	104,793.23
PBA	2102219	H6G8XX	MANAGEMENT	$	110,096.86
PBA	2102257	I3B5*C	PHY SCI RES/SCIENTIST IV	$	97,791.51
PBA	2102280	H6G6XX	GENERAL PROFESSIONAL VI	$	96,837.78
PCA	2200009	H6G6XX	GENERAL PROFESSIONAL VI	$	95,907.32
PCA	2200020	H6G6XX	GENERAL PROFESSIONAL VI	$	101,013.23
PCA	2200032	H6G8XX	MANAGEMENT	$	121,157.72
PDA	2300001	H6G8XX	MANAGEMENT	$	140,418.28

PDA	2300002	H6G8XX	MANAGEMENT	$	111,411.14
PDA	2300005	B2F4XX	BUDGET & POLICY ANLST IV	$	96,395.82
PDA	2300013	I3B6*D	PHY SCI RES/SCIENTIST V	$	106,281.97
PDA	2300022	I3B6*D	PHY SCI RES/SCIENTIST V	$	106,863.51
PDA	2300030	I2C5*A	PROFESSIONAL ENGINEER II	$	103,827.88
PDA	2300032	I3B5*D	PHY SCI RES/SCIENTIST IV	$	101,350.52
PDA	2300045	I3B5*D	PHY SCI RES/SCIENTIST IV	$	101,338.89
PDA	2300056	I3B6*D	PHY SCI RES/SCIENTIST V	$	99,129.05
PDA	2300060	I3B5*G	PHY SCI RES/SCIENTIST IV	$	97,675.20
PEA	2400166	I2C7*F	PROFESSIONAL ENGINEER IV	$	103,513.85
PEA	2400167	I2C7*F	PROFESSIONAL ENGINEER IV	$	109,422.28
PEA	2400168	I2C6*A	PROFESSIONAL ENGINEER III	$	109,422.28
PEA	2400170	I2C6*A	PROFESSIONAL ENGINEER III	$	112,341.60
PEA	2400174	I2C7*F	PROFESSIONAL ENGINEER IV	$	109,422.28
PEA	2400182	I2C5*A	PROFESSIONAL ENGINEER II	$	99,443.08
PEA	2400189	I2C7*F	PROFESSIONAL ENGINEER IV	$	109,422.28
PEA	2400191	I2C6*A	PROFESSIONAL ENGINEER III	$	105,060.74
PEA	2400192	I2C6*A	PROFESSIONAL ENGINEER III	$	106,154.03
PEA	2400195	H6G8XX	MANAGEMENT	$	140,418.28
PEA	2400230	I2C7*A	PROFESSIONAL ENGINEER IV	$	109,422.28
PEA	2400235	I2C5*A	PROFESSIONAL ENGINEER II	$	95,802.65
PEA	2400242	I2C7*A	PROFESSIONAL ENGINEER IV	$	104,289.23
PEA	2400243	I2C6*A	PROFESSIONAL ENGINEER III	$	105,060.74
PEA	2400244	I2C5*A	PROFESSIONAL ENGINEER II	$	101,269.11
PEA	2400245	I2C6*A	PROFESSIONAL ENGINEER III	$	108,515.08
PEA	2400249	I2C5*A	PROFESSIONAL ENGINEER II	$	99,733.85
PEA	2400250	I2C6*A	PROFESSIONAL ENGINEER III	$	109,422.28
PEA	2400251	I3B6*D	PHY SCI RES/SCIENTIST V	$	109,422.28
PEA	2400255	I2C5*A	PROFESSIONAL ENGINEER II	$	101,548.25
PEA	2400257	H2I7XX	IT PROFESSIONAL V	$	110,852.86
PEA	2400259	I2C6*A	PROFESSIONAL ENGINEER III	$	109,422.28
PEA	2400264	I2C6*C	PROFESSIONAL ENGINEER III	$	112,341.60
PEA	2400266	I2C5*A	PROFESSIONAL ENGINEER II	$	101,827.38
PEA	2400284	I2C5*A	PROFESSIONAL ENGINEER II	$	103,874.40
PEA	2400285	I2C5*A	PROFESSIONAL ENGINEER II	$	96,581.91
PEA	2400293	I2C5*A	PROFESSIONAL ENGINEER II	$	103,316.12
PEA	2400316	I2C7*A	PROFESSIONAL ENGINEER IV	$	112,341.60
PEA	2400348	I2C5*A	PROFESSIONAL ENGINEER II	$	103,874.40
PEA	2400349	I2C5*A	PROFESSIONAL ENGINEER II	$	103,316.12
PEA	2400370	I2C6*A	PROFESSIONAL ENGINEER III	$	109,422.28

PEA	2400405	I2C5*A	PROFESSIONAL ENGINEER II	$	96,314.40
PEA	2400421	I2C5*A	PROFESSIONAL ENGINEER II	$	100,175.82
PEA	2400423	I2C5*A	PROFESSIONAL ENGINEER II	$	96,058.52
PEA	2400455	I2C6*A	PROFESSIONAL ENGINEER III	$	109,422.28
PEA	2400500	I2C5*A	PROFESSIONAL ENGINEER II	$	95,372.31
PHA	2500001	H6G8XX	MANAGEMENT	$	140,418.28
PHA	2500002	H2I8XX	IT PROFESSIONAL VI	$	108,898.89
PHA	2500003	I2C6*E	PROFESSIONAL ENGINEER III	$	109,422.28
PHA	2500005	H2I7XX	IT PROFESSIONAL V	$	103,304.49
PHA	2500007	B2F4XX	BUDGET & POLICY ANLST IV	$	98,442.83
PHA	2500038	I3A5*C	ENVIRON PROTECT SPEC IV	$	101,106.28
PHA	2500057	I2C5*E	PROFESSIONAL ENGINEER II	$	103,513.85
PIA	2600001	H6G8XX	MANAGEMENT	$	140,418.28
PIA	2600003	I3B5*C	PHY SCI RES/SCIENTIST IV	$	99,303.51
PIA	2600008	I3B5*C	PHY SCI RES/SCIENTIST IV	$	104,141.91
PIA	2600094	I3B6*C	PHY SCI RES/SCIENTIST V	$	109,422.28
PJA	2700001	H6G8XX	MANAGEMENT	$	140,418.28
PJA	2700506	H6G8XX	MANAGEMENT	$	112,341.60
PJA	2700006	H6G8XX	MANAGEMENT	$	111,411.14
PJA	2700376	H6G8XX	MANAGEMENT	$	111,411.14
PJA	2700535	H8E5XX	Budget/Policy Analyst V	$	111,341.35
PJA	2700309	H6G8XX	MANAGEMENT	$	108,561.60
PJA	2700339	I3B5*D	PHY SCI RES/SCIENTIST IV	$	107,852.12
PJA	2700375	H2I7XX	IT PROFESSIONAL V	$	105,456.18
PJA	2700015	H6G7XX	GENERAL PROFESSIONAL VII	$	104,118.65
PJA	2700521	I2A5XX	ARCHITECT III	$	101,769.23
PJA	2700315	I2C5*A	PROFESSIONAL ENGINEER II	$	100,233.97
PJA	2700386	I2C5*A	PROFESSIONAL ENGINEER II	$	100,233.97
PJA	2700392	I2C5*A	PROFESSIONAL ENGINEER II	$	96,837.78
PKA	2800001	H6G8XX	MANAGEMENT	$	140,418.28
PKA	2800008	B2F4XX	BUDGET & POLICY ANLST IV	$	96,814.52
PKA	2800010	I3A5*C	ENVIRON PROTECT SPEC IV	$	100,210.71
PKA	2800011	I3A5*C	ENVIRON PROTECT SPEC IV	$	102,071.63
PKA	2800025	I3A5*C	ENVIRON PROTECT SPEC IV	$	99,943.20
PKA	2800052	I3A6*C	ENVIRON PROTECT SPEC V	$	109,422.28
PKA	2800059	I3A6*C	ENVIRON PROTECT SPEC V	$	109,422.28
PKA	2800063	I3A5*C	ENVIRON PROTECT SPEC IV	$	100,117.66
PKA	2800079	I3A5*C	ENVIRON PROTECT SPEC IV	$	99,943.20
PKA	2800090	I3A5*C	ENVIRON PROTECT SPEC IV	$	99,943.20
PKA	2800113	I3A5*C	ENVIRON PROTECT SPEC IV	$	99,943.20

34. **A specific list of names, bonuses, and positions by division and subdivision of any salaried officer or employee making over $95,000 per year who received any bonuses in FY 2008-09.**

No salaried officers or employees making over $95,000 per year received any bonuses during FY 2008-09 at the Department of Natural Resources.

35. **Numbers and locations of any buildings owned or rented by any division or subdivision (by location) and the annual energy costs of all buildings.**

The Divisions of the Department of Natural Resources own numerous buildings ranging from vault toilets to commercial office buildings. The Divisions also lease commercial office and storage space at 43 locations around the State. Energy costs are included as part of many of the Department's leases and frequently aren't itemized. The locations currently under lease are listed below.

Agency \ Program	Location \ Lessor	Square Footage
DOW	122 E Edison, Brush, 80723	5,400
DOW	1315 Dream Island Plaza, Steamboat Springs 80487	530
DOW	50633 US Highway 6&24, Glenwood Springs	3,024
DOW	5070 E County Road 3 S. Monte Vista	528
DOW	Ft. Collins Modular Office	
DOW	50 West Center 7405 West Highway 50, Salida	1,821
DOW	4255 Sinton Road, Colorado Spring 80907	400
DOW	Hans Peak/Bear Ear Ranger District, Steamboat Springs	20,953
SLB	4718 North Elizabeth Street, Pueblo, CO 81108	560
SLB	301 Murphy Drive, Unit B, Alamosa, CO 81101	580
SLB	555 Breeze Street, Craig, CO 81625	503
SLB	5312 West 9th Street Drive, Greeley, CO 80634	1,000
SLB	301 Poplar Street, Sterling, CO 80751	423
CWCB	1580 Logan #'s 750, 600, and 430	4,704
CWCB	1580 Logan #'s 200, 600	7,706
DWR	Antonito	180
DWR	Cedaredge	1,096
DWR	Glenwood Springs	3,418

DWR	Saguache	238
DWR	Greeley	8,260
DWR	Steamboat Springs	1,174
DWR	Sterling	1,386
DWR	Durango	3,897
DWR	Grand Junction	757
DWR	Montrose	2,035
DWR	Alamosa	4,352
DWR	Craig	485
DWR	Silverthorne	114
DWR	La Junta	974
DWR	Monte Vista	387
DWR	Pagosa Springs	385
DWR	Pueblo	6,405
DWR	Colorado Springs	400
DWR	Cortez	1,500
OGCC	The Chancery 1120 Lincoln St., Suites	16,965
OGCC	The Chancery 1120 Lincoln St., Storage	499
CGS	1265 Sherman St, Denver, CO	360
CGS	1265 Sherman St, Denver, CO	621
CGS	Public Storage	300
Parks	Chancery Bldg, 1120 Lincoln St, Ste 902, Denver, CO 80203	1,632
Parks	Lone Mesa Park Office, 1321 Railroad Ave., Delores, CO	960
Parks	3745 East Prospect Rd., Fort Collins, CO 80524	1,784
DRMS	101 South 3rd, Suite 360, Grand Junction	1,506
DRMS	691 County Road 233, Unit A-2, Durango	960

36. Any real property or land owned, managed, or rented by any division or subdivision (by geographic location).

The information below represents a high level overview of the Department's land holdings under fairly narrow definitions of "owned, managed, or rented."

The State Land Board is the second largest landholder in the state. It owns 2.8 million acres of land and buildings which are leased for agricultural, recreational, and/or commercial purposes. The following is a summary of land holdings by county:

County	Acres
Adams	21,768
Alamosa	34,049
Arapahoe	39,140
Archuleta	1,593
Baca	34,869
Bent	130,287
Boulder	1,403
Broomfield	7
Chaffee	16,649
Cheyenne	47,973
Clear Creek	2,372
Conejos	58,901
Costilla	-
Crowley	62,883
Custer	8,796
Delta	-
Denver	204
Dolores	9,458
Douglas	3,303
Eagle	6,172
El Paso	182,157
Elbert	74,940
Fremont	63,808
Garfield	-
Gilpin	670
Grand	36,476
Gunnison	4,932
Hinsdale	-
Huerfano	39,769
Jackson	120,709
Jefferson	3,637
Kiowa	69,740
Kit Carson	49,421
La Plata	12,518
Lake	1,554
Larimer	35,356
Las Animas	179,466

Lincoln	152,013
Logan	133,960
Mesa	1,248
Mineral	58
Moffat	189,653
Montezuma	8,182
Montrose	-
Morgan	47,342
Otero	124,648
Ouray	281
Park	59,297
Phillips	16,218
Pitkin	495
Prowers	36,345
Pueblo	221,066
Rio Blanco	751
Rio Grande	9,500
Routt	59,126
Saguache	80,950
San Juan	1,280
San Miguel	19,442
Sedgwick	23,604
Summit	-
Teller	4,385
Washington	102,176
Weld	152,203
Yuma	48,545
TOTAL	2,847,752

The Division of State Parks and Outdoor Recreation manages approximately 405,000 acres at 42 state parks. The Division either owns or leases 225,000 of these acres. The remainder is owned by a variety of federal, state, and local agencies. A list of the acreage, by park, is presented below.

PARK	TOTAL ACRES
Arkansas Headwaters Recreation Area	12,186

Barbour Ponds/ St. Vrain	814
Barr Lake	6,494
Bonny	13,386
Boyd	3,828
Castlewood	3,440
Chatfield	10,762
Cherry Creek	8,422
Cheyenne Mtn	4,178
Colorado River	951
Crawford	1,468
Eldorado	1,505
Eleven Mile	15,324
Golden Gate	12,805
Harvey Gap	608
Highline	774
Jackson	8,049
John Martin	26,353
Lathrop	2,653
Lone Mesa	15,590
Lory	2,492
Mancos	1,106
Mueller	5,117
Navajo	10,132
North Sterling	10,324
Paonia	3,714
Pearl Lake	562
Pueblo	26,338

Ridgway	6,401
Rifle Falls	48
Rifle Gap	2,682
Roxborough	3,778
San Luis Lakes	1,172
Spinney	12,000
Stagecoach	3,260
State Forest	141,676
Staunton	4,273
Steamboat	4,586
Sweitzer	210
Sylvan	1,937
Trinidad	5,503
Vega	3,646
Yampa River/ Elkhead Reservoir	4,352
TOTALS	404,899

Through Senate Bill 79-537 the CWCB was appropriated $2.5M in state funds that were matched with federal funds for an estimated $4.05M to carry out Chatfield Downstream Channel Improvement Project (the Project). Some of these funds were used to purchase lands approximately 50-100 feet on both banks of the South Platte River as well as certain Corps designed and built flood control features. The total reach for the Project is approximately six miles from where the South Platte River crosses C-470 just downstream of Chatfield dam to the confluence of Bear Creek near Santa Fe Drive and Hampden Avenue. Reach #1 was Littleton Floodplain Park now called South Platte Park and is about two miles long and is managed as a natural area. Reaches #2 and #3 are managed by the CWCB. The CWCB owns land parcels down to Oxford Avenue but the agreement with the Corps to manage the Project extends down to Hampden Avenue. The State of Colorado through the CWCB and a series of agreements is required to maintain the Project through easements, maintaining rights of way, maintenance, and repair of river channel and bank features.

Lastly, the Division of Wildlife has generated a report on acreage currently owned or controlled by the Division. This is a report generated from the Division's CAMS (Capital Asset Management System) with two exclusions from the list below (3DP and SWR). Third party transactions are controlled by entities outside the Division. Water rights were not requested. This file includes all property owned, managed or rented (controlled) by the Division by County (to detail "Location"), acquisition type (easement, lease, fee simple, etc.) and acres. This report is available upon request, and the acreage by county is summarized below.

CAMS Property designations:
3DP – Third Party
SAA – State Administration Areas
SAR – State Access Roads
SFU – State Fishing Units
SHA – State Habitat Areas
SWA – State Wildlife Areas
SWR – State Water Rights
WWA – Watchable Wildlife Areas

County	Acres
Adams	667
Alamosa	24,596
Arapahoe	0
Archuleta	1,139
Baca	11,774
Bent	23,349
Boulder	333
Broomfield	0
Chaffee	14,734
Cheyenne	2,860
Clear Creek	5,404
Conejos	53,152
Costilla	14,690
Crowley	4,466
Custer	5,296
Delta	9,154
Denver	12
Dolores	10,551
Douglas	2,048
Eagle	6,766
El Paso	9,334
Elbert	0
Fremont	58,947
Garfield	18,916
Gilpin	1,936

Grand	58,291
Gunnison	22,894
Hinsdale	3,051
Huerfano	14,168
Jackson	59,097
Jefferson	4,102
Kiowa	21,932
Kit Carson	1,770
La Plata	15,272
Lake	4,409
Larimer	47,766
Las Animas	140,819
Lincoln	9,480
Logan	18,506
Mesa	24,754
Mineral	1,439
Moffat	151,815
Montezuma	4,041
Montrose	10,447
Morgan	15,128
Otero	4,522
Ouray	4,680
Park	66,943
Phillips	167
Pitkin	802
Prowers	12,198
Pueblo	23,521
Rio Blanco	76,900
Rio Grande	4,075
Routt	39,100
Saguache	53,814
San Juan	18
San Miguel	18,046
Sedgwick	4,086
Summit	111
Teller	9,683
Washington	5,121
Weld	8,788

Yuma	22,591
TOTAL	1,264,471

37. List essential computer systems and databases used by the department, its divisions and subdivisions, with their actual FY 2008-09 expenditures.

Please see the Governor's Office of Information Technology for this information.

38. Any actual FY 2008-09 expenditures over $100,000 total from the department or from its divisions and subdivisions to any private contractor, identifying the contract, the project, and whether the contracts were sole-source or competitive bid.

The Governor has determined that this request is administratively burdensome and is best accessed through the State Controller. Please contact the State Controller for a report with this information.

39. The amount of actual FY 2008-09 expenditures for any lobbying, public relations, gifts, public advertising, or publications including:

- a. **expenditures for lobbying by public employees, contract lobbyists, or "think tanks;"**
- b. **expenditures for lobbying purposes at other levels of government;**
- c. **expenditures for lobbying purposes from grants, gifts, scholarships, or tuition;**
- d. **expenditures for publications or media used for lobbying purposes;**
- e. **expenditures for gratuities, tickets, entertainment, receptions or travel for purposes of lobbying elected officials; or**
- f. **expenditures for any public advertising. Include all advertising campaigns, including those that are not for public relations.**

The Governor's Office collected the information outlined in this question and gave it to the LCS in September 2009. Please contact LCS to request the information.

40. List of all boards, commissions, and study groups, including actual FY 2008-09 expenditures, travel, per diem budgets and assigned FTEs.

The Governor's Office collected that information and gave it to the JBC in August 2009.

Please contact OSPB to request a copy of what was sent. The Governor has determined that the remainder of this request is administratively burdensome as the operating budget is not appropriated or expended according to specific FTE.

41. Suggest budget and staff reductions, including reductions in FTE and hours, by division and subdivision, that will reduce your department's total FY 2010-11 General Fund expenditures by 12.5% relative to FY 2009-10 appropriations before any adjustments that have been announced since the end of the 2009 session.

Please see the Governor's November 6, 2009 Budget Request for budget balancing proposals for FY 2010-11, and his December 1, 2009 Budget Balancing package for FY 2009-10.

42. Suggest budget and staff reductions, including reductions in FTE and hours, by division and subdivision, that will reduce your department's total FY 2010-11 General Fund expenditures by 25.0% relative to FY 2009-10 appropriations before any adjustments that have been announced since the end of the 2009 session.

Please see the Governor's November 6, 2009 Budget Request for budget balancing proposals for FY 2010-11, and his December 1, 2009 Budget Balancing package for FY 2009-10.

Attachment A
Preliminary illustration of park's net operating loss

COLORADO DIVISION OF PARKS AND OUTDOOR RECREATION
ESTIMATED NET OPERATING INCOME (LOSS) BY PARK

Park	Visitation FY 08-09	Est Net Operating Income (Loss) *	Prelim Future Capital Reqmnts	Local Economic Impact ($ millions)
Lake Pueblo	1,758,917	-736,895.6	30,665,000	67.06
Yampa River	87,247	-329,539.5	3,330,000	6.54
Trinidad Lake	118,742	-289,676.8	2,835,000	5.44
Cheyenne Mountain [1]	116,541	-277,108.9	0	0.42
Lathrop	132,633	-268,403.7	456,000	7.04
Rifle Gap	229,501	-208,837.4	890,000	10.81
North Sterling	107,553	-204,967.2	6,285,000	4.71
Crawford	129,972	-204,059.5	550,000	6.09
Boyd Lake	220,992	-193,001.6	9,790,000	3.58
Bonny Lake	32,352	-168,579.6	450,000	1.72
Vega	179,134	-152,222.3	1,270,000	8.06
John Martin	117,802	-149,015.5	848,000	5.85
Navajo	281,444	-142,087.4	2,245,000	18.31
Barr Lake	104,901	-136,266.7	3,150,000	0.12
Staunton [1]	0	-135,630.4	0	
Ridgway	325,398	-131,039.7	9,085,000	20.01
Roxborough	92,587	-117,195.6	4,400,000	0.42
Highline Lake	156,546	-110,926.3	1,600,000	1.58
Lory	80,599	-90,490.3	5,345,000	0.87
Mueller	175,512	-89,173.1	3,540,000	8.53
Spinney Mountain	33,657	-88,158.7	150,000	2.06
Sylvan Lake	104,345	-79,348.3	985,000	7.79
Steamboat Lake	393,143	-64,847.5	3,740,000	38.03
Jackson Lake	151,654	-64,808.7	7,655,000	7.09
Stagecoach	147,459	-57,889.8	6,360,000	9.02
Lone Mesa [1]	8,900	-54,103.3	0	1.15
State Forest	356,226	-45,555.1	3,420,000	20.28
Golden Gate	704,276	-29,037.3	5,750,000	17.38
Sweitzer Lake	60,173	-17,995.1	150,000	1.44
Paonia	24,319	-11,269.3	250,000	1.29
St. Vrain	126,237	-3,422.5	1,000,000	4.93
Elkhead Reservoir	74,046	-1,641.2		
Harvey Gap	32,750	1,479.2	120,000	0.57
Eldorado Canyon	243,363	7,842.6	2,650,000	2.06
Ark Headwaters	739,968	27,968.1	12,215,000	44.61
Mancos	50,850	38,157.2	1,650,000	2.28
Eleven Mile	303,782	38,203.4	3,262,000	15.74
San Luis	17,666	46,642.5	0	1.08
Pearl Lake	21,982	47,860.7	250,000	2.02
Castlewood Canyon	143,656	65,115.6	9,650,000	0.40
Rifle Falls	77,869	93,001.7	510,000	3.03
Colorado River	407,854	121,100.7	1,615,000	22.73
Cherry Creek	1,598,381	354,307.8	46,800,000	4.39
Chatfield	1,684,762	357,274.4	23,010,000	9.51

[1] Parks not yet open / just opened; visitation figures do not reflect full operation.

* Net operating loss = estimated FY 09-10 revenue generated at the park (primarily annual and daily pass sales, camping fees, and misc sales), minus projected FY 09-10 operating expenditures.

Attachment B
Park's Economic Impact

COLORADO DIVISION OF PARKS AND OUTDOOR RECREATION
Direct Spending (Within 50 Miles Radius of State Park) by Non-Local Park Visitors

Park Name	Counties	House District	Senate District	Average per Vehicle Expenditure within 50 Miles	Annual Economic Benefit – Visitor Expenditures
Lake Pueblo	Pueblo	47, 60	3	$234.28	$67,057,171
Arkansas Headwaters	Chaffee, Fremont, Lake, Pueblo	21,56,60	2,4,5	$231.72	$44,606,505
Steamboat Lake	Routt	57	8	$319.65	$38,031,876
James M Robb-Colorado River	Mesa	54, 55	7	$312.12	$22,726,296
State Forest	Jackson, Larimer	51,52,53,57	8, 15	$190.84	$20,280,756
Ridgway	Ouray	58	6	$269.09	$20,013,583
Navajo	Archuleta, La Plata	59	6	$329.64	$18,307,128
Golden Gate	Gilpin, Jefferson	13, 25	16	$223.17	$17,385,590
Eleven Mile	Park	60	4	$201.22	$15,736,956
Rifle Gap	Garfield	57	8	$212.20	$10,812,518
Chatfield	Jefferson, Douglas, Arapahoe	25,38,43,44	22,26,30	$165.52	$9,510,147
Stagecoach	Routt	57	8	$247.36	$9,015,879
Mueller	Teller	45	4	$248.91	$8,531,564
Vega	Mesa	55	7	$176.16	$8,056,945
Sylvan Lake	Eagle	56, 61	8	$278.13	$7,789,254
Jackson Lake	Morgan	63	1	$179.03	$7,087,248
Lathrop	Huerfano	64	2	$195.95	$7,038,359
Yampa River	Routt, Moffat	57	8	$270.07	$6,539,781
Crawford	Delta, Montrose	58	5	$209.09	$6,089,341
John Martin	Bent	64	2	$234.06	$5,853,753
Trinidad Lake	Las Animas	64	2	$199.05	$5,438,909
St. Vrain	Weld	48	23	$311.11	$4,931,696
North Sterling	Logan	65	1	$174.24	$4,706,863
Cherry Creek	Arapahoe	38, 39	27,28	$104.82	$4,390,309
Boyd Lake	Larimer	51	15	$180.68	$3,584,711
Rifle Falls	Garfield	57	8	$157.15	$3,034,303
Mancos	Montezuma	59	6	$205.55	$2,285,259
Spinney Mountain	Park	60	4	$146.31	$2,059,314
Eldorado Canyon	Boulder, Jefferson	13, 25	16	$141.23	$2,056,203
Pearl Lake	Routt	57	8	$286.96	$2,025,407
Bonny Lake	Yuma	63	1	$190.47	$1,722,374
Highline Lake	Mesa	54	7	$218.37	$1,575,185
Sweitzer Lake	Delta	54	5	$429.77	$1,444,078
Paonia	Gunnison	61	5	$173.64	$1,286,109
Lone Mesa	Dolores	59	6	$703.85	$1,153,999
San Luis	Alamosa	62	5	$215.13	$1,077,757
Lory	Larimer	49	15	$148.87	$874,619
Harvey Gap	Garfield	57	8	$163.68	$566,505
Roxborough	Douglas	44, 45	4, 30	$116.80	$425,378
Cheyenne Mountain	El Paso	17, 21	12	$113.83	$422,702
Castlewood Canyon	Douglas	45	4	$76.22	$397,861
Barr Lake	Adams	30, 32	25	$46.73	$117,139
TOTAL					$396,047,331

Source: Corona Insights, Inc. 2009. "Colorado State Parks Marketing Assessment, Visitor Spending Analysis, 2008-2009".
Available: http://parks.state.co.us/News/Publications/ under **Research**, "2009 Visitor Spending Report"

Attachment C
Division of Water Resources' Fee Analysis

Note: This analysis is provided at the request of the JBC.
Basis: This theoretical analysis presumes funding the administration of the existing 250,000 groundwater structures and associated decrees, permits, and augmentation plans on future permit revenues.
DNR does not support this funding proposal.

		Current			Current							
	DWR CREG Code	Current Fees 7/1/2006	Deposit Various GenFunds	Deposit Various Cash Funds	Deposit Ground Water Management Cash	Deposit Well Inspection Cash	Theoretical SB 10-XXX Base Fee	Theoretical SB 10-XXX Well Insp. Fee	Theoretical Total Fee	Fee Increase	Projected Number	Additional Revenue (due to fee differential only)
Application Filing Fees:		total										
New Well permit, outside DB, exempt (excluded: non-exempt, change of use, aquifer, alternate point of diversion, expanded use, remediation, gravel pit)	11	**$100.00**	$25		$35	$40	$1,540	$60	**$1,600**	**$1,500**	**1,425**	**$2,137,500**
New Well permit, outside DB, **non-exempt**, change of use, aquifer, alternate point of diversion, expanded use, remediation, gravel pit	11	**$100.00**					$1,540	$60	**$1,600**	**$1,500**	**600**	**$900,000**
New Well permit, inside DB, small capacity	12	**$100.00**	$5.00		$55	$40	$1,540	$60	**$1,600**	**$1,500**	**200**	**$300,000**
New Well permit, inside DB, large capacity, remediation, gravel pit	14	**$100.00**	$25.00		$35	$40	$1,540	$60	**$1,600**	**$1,500**	**20**	**$30,000**
Change, inside DB, large capacity, change of use, alternate point of diversion, co-mingle, expanded use, reduce permitted acres, change in determination of water right, etc.	19	**$100.00**	$30.00		$30	$40	$1,540	$60	**$1,600**	**$1,500**	**40**	**$60,000**
Change permit location inside DB, large capacity (existing well)	19	**$100.00**	$30.00		$30	$40	$440	$60	**$500**	**$400**	**40**	**$16,000**
Change/Correction of location, Inside DB, small capacity	27	**$60.00**	$5.00		$15	$40	$440	$60	**$500**	**$440**	**10**	**$4,400**
Change/Correction of location, Outside DB, exempt	27	**$60.00**	$5.00		$15	$40	$440	$60	**$500**	**$440**	**70**	**$30,800**

	DWR CREG Code	Current Fees 7/1/2006	Deposit Various GenFunds	Deposit Various Cash Funds	Deposit Ground Water Management Cash	Deposit Well Inspection Cash	Theoretical SB 10-XXX Base Fee	Theoretical SB 10-XXX Well Insp. Fee	Theoretical Total Fee	Fee Increase	Projected Number	Additional Revenue (due to fee differential only)
Change/Correction of location, Outside DB, non-exempt	28	**$100.00**	$30.00		$30	$40	$540	$60	**$600**	**$500**	**15**	**$7,500**
Change of ownership, & location correction for pre-May 8,1972 exempt wells, and pre 5/17/65 non-exempt							$0	$0	**$0**	**$0**		**$0**
Determination of Water Rights (Denver Basin portion within Designated Basin Boundaries)	34	**$60.00**	$30.00		$30		$1,600	**$0**	**$1,600**	**$1,540**	**100**	**$154,000**
Extension, outside DB, exempt	None	**No Fee**					$200		**$200**	**$200**	**86**	**$17,167**
Extension, outside DB, non-exempt	20	**$60.00**	$25.00		$35		$500	**$0**	**$500**	**$440**	**41**	**$18,062**
Extension, inside DB, small capacity	None	**No Fee**					$200		**$200**	**$200**	**30**	**$5,971**
Extension, inside DB, large capacity	33	**$60.00**	$30.00		$30		$500	**$0**	**$500**	**$440**	**6**	**$2,640**
Geothermal & GeoExchange Well Permit, Construct New, Expand/Change Use, Late Register & Replace (Type A,B & Reinjection)	38	**$480.00**			$480		$1,600		**$1,600**	**$1,120**	**67**	**$75,040**
Geothermal Well Permit, Replacement (Type A,B, Reinjection)	47	**$240.00**			$240		$500		**$500**	**$260**		**$0**
Geothermal Well Permit, Late Registration Only (Type A,B & Reinjection)	48	**$340.00**			$340		$1,000		**$1,000**	**$660**		**$0**
Geothermal Well Permit, Extension (Type A,B & Reinjection)	10	**$200.00**			$200		$500		**$500**	**$300**		**$0**
SWSP Gravel Pit, New	60	**$1,593.00**		$1,593.00			$2,000		**$2,000**	**$407**	**15**	**$6,105**
SWSP Gravel Pit Renewal	61	**$257.00**		$257.00			$500		**$500**	**$243**	**97**	**$23,571**
SWSP Plan - General	62	**$300.00**			$300		$2,000		**$2,000**	**$1,700**	**75**	**$127,500**
SWSP Plan - Renewal		**$300.00**			$300		$500		**$500**	**$200**	**125**	**$25,000**
SWSP Notification List	N/A	**No Fee**			N/A		$0		**$0**			**$0**

	DWR CREG Code	Current Fees 7/1/2006	Deposit Various GenFunds	Deposit Various Cash Funds	Deposit Ground Water Management Cash	Deposit Well Inspection Cash	Theoretical SB 10-XXX Base Fee	Theoretical SB 10-XXX Well Insp. Fee	Theoretical Total Fee	Fee Increase	Projected Number	Additional Revenue (due to fee differential only)
Replacement Plan - Designated Basins	19	**$60.00**	$30.00		$30	$40	$1,940	$60	**$2,000**	**$1,940**	**10**	**$19,400**
Late Registration & Replacement (submitted together), **Exempt**	21	**$100.00**	$5.00		$55	$40	$1,540	$60	**$1,600**	**$1,500**	**100**	**$150,000**
Late Registration, **Alone Exempt** (including monitoring hole pre Aug 1, 1988)	21	**$100.00**	$5.00		$55	$40	$940	$60	**$1,000**	**$900**	**100**	**$90,000**
Monitoring Well, **outside DB**, new	25	**$100.00**	$25.00		$35	$40	$640	$60	**$700**	**$600**	**275**	**$165,000**
Monitoring Well, inside DB, new	26	**$100.00**	$5.00		$55	$40	$640	$60	**$700**	**$600**	**20**	**$12,000**
Monitoring Well, outside DB, replace	56	**$60.00**	$5.00		$15	$40	$340	$60	**$400**	**$340**	**33**	**$11,266**
Monitoring Well, inside DB, replace	57	**$60.00**	$5.00		$15	$40	$340	$60	**$400**	**$340**	**0**	**$0**
Monitoring Well Fields* (requires legislative action)		**No Fee**					$940	$60	**$1,000**	**$1,000**	**300**	**$300,000**
Replacement, outside DB, exempt, (domestic, stock water and household use only)	15	**$60.00**	$5.00		$15	$40	$740	$60	**$800**	**$740**	**230**	**$169,893**
Replacement, inside DB, small capacity (domestic, stock water & household use only)	16	**$60.00**	$5.00		$15	$40	$740	$60	**$800**	**$740**	**37**	**$27,586**
Replacement, outside DB, non-exempt	17	**$100.00**	$25.00		$35	$40	$740	$60	**$800**	**$700**	**75**	**$52,336**
Replacement, inside DB, large capacity	18	**$100.00**	$30.00		$30	$40	$740	$60	**$800**	**$700**	**25**	**$17,664**
Administer Temporary In-Stream flows	65	**$100.00**			$100		$2,000	N/A	**$2,000**	**$1,900**		**$0**
Interruptible Water Supply Agreements	29	**$2,439.00**			$2,439		$2,439		**$2,439**	**$0**		**$0**
Dam Structures												
Dam Plans & Specifications (varies)	41	**$34,000.00**					0.3% with $30,000 cap per project		**$78,000**	**$44,000**		**$44,000**

Total **$5,000,402**