

This file contains the following documents:

1. March 17, 2011, JBC Staff memo titled "Department of Natural Resources February 14, 2011, 'Severance Tax Perpetual Base Account Transfer' Request."
2. March 17, 2011, JBC Staff memo titled "Department of Natural Resources February 14, 2011, Base Reduction Item 1a: 'Reduce Severance Tax Support of State Parks'".
3. March 17, 2011, JBC Staff memo titled "Department of Natural Resources Staff Technical Comeback."
4. February 15, 2011, JBC Staff document titled "FY 2011-12 Figure Setting: Department of Natural Resources (For the Following Divisions: Executive Director's Office' Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, and Division of Wildlife)"

# MEMORANDUM

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**TO:** Members of the Joint Budget Committee

**FROM:** Viktor Bojilov, JBC Staff, 303-866-2149

**SUBJECT:** Department of Natural Resources February 14, 2011, "Severance Tax Perpetual Base Account Transfer" Request.

**DATE:** March 17, 2011

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As part of the November 1, 2010 budget submission, the Department requested a \$15.0 million transfer from the Severance Tax Perpetual Base Account (Section 39-29-109 (2) (a), C.R.S.) to the General Fund in FY 2011-12 as a budget balancing proposal. On February 14, 2011, the Department submitted a new proposal to increase the FY 2011-12 transfer by \$33.1 million to a total transfer of \$48.1 million (see table on the following page).

In addition, the Department informs the Committee with its request that at the direction of the Governor, in FY 2011-12 the Colorado Water Conservation Board (CWCB) will "reserve" any un-designated funds in the Account (estimated to be roughly \$22.0 million) and will not loan or otherwise expend these funds without approval from the Governor. These moneys would be available if needed in the future for General Fund balancing purposes.

**Staff recommends the Department request and recommends the Committee sponsor legislation to transfer \$48,100,000 from the Severance Tax Perpetual Base Account to the General Fund in FY 2011-12.**

Staff notes that in addition to this transfer, there is an estimated \$30.0 million fund balance available to be transferred from the Colorado Water Conservation Board Construction fund to the General Fund in FY 2011-12.

<b>Perpetual Base Account of the Severance Tax Trust Fund</b>					
	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Cash Balance - Beginning of Year	\$18,058,960	\$40,454,321	\$4,865,510	\$27,116,481	\$786,175
<i>Receivables/Interest Earnings</i>	<i>11,071,624</i>	<i>7,062,895</i>	<i>6,731,123</i>	<i>7,567,835</i>	<i>6,638,750</i>
<i>Severance Tax</i>	<i>71,253,177</i>	<i>17,856,646</i>	<i>41,470,250</i>	<i>44,753,113</i>	<i>47,756,840</i>
<i>Principal Repayment</i>	<u><i>3,099,696</i></u>	<u><i>4,151,218</i></u>	<u><i>3,395,010</i></u>	<u><i>4,448,746</i></u>	<u><i>5,025,313</i></u>
<i>Total Revenues</i>	<i>85,424,497</i>	<i>29,070,759</i>	<i>51,596,383</i>	<i>56,769,694</i>	<i>59,420,903</i>
Agriculture Emergency Drought Grants	(1,716,142)	0	(1,000,000)	(1,000,000)	(1,000,000)
Loan Issuances	(26,312,994)	(659,570)	(345,412)	0	0
Animas La-Plata Water Purchase (H.B. 10-1250; Sect. 7 and 8)	0	0	(12,000,000)	(12,000,000)	(12,000,000)
<b>Non-obligated Amounts</b>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>(47,000,000)</b></u>
Ending FY Balance without transfer	\$75,454,321	\$68,865,510	\$43,116,481	\$70,886,175	\$207,078
Transfer to the General Fund in S.B. 09-208 (Sect. 34)	(20,000,000)	0	0	0	0
Transfers to the General Fund in S.B. 09-279 (Sect. 22)	(15,000,000)	(62,000,000)	0	0	0
Transfer to the General Fund in H.B. 10-1327 (Sect. 8)	0	(2,000,000)	0	0	0
Transfer to the General Fund in H.B. 10-1388 (Sect. 2)	0	0	(11,000,000)	0	0
Transfer to the General Fund in S.B. 11-164 (Sect. 9)	0	0	(5,000,000)	0	0
<b>Department Request/Staff Recommendation for Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(48,100,000)</b>	<b>0</b>
<b>Governor direction to CWCB to "reserve" un-designated funds</b>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>(22,000,000)</b></u>	<u><b>0</b></u>
Ending Balance	\$40,454,321	\$4,865,510	\$27,116,481	\$786,175	\$207,078

# M E M O R A N D U M

**TO: Members of the Joint Budget Committee**

**FROM: Viktor Bojilov, JBC Staff, 303-866-2149**

**SUBJECT: Department of Natural Resources February 14, 2011, Base Reduction Item 1a: "Reduce Severance Tax Support of State Parks".**

**DATE: March 17, 2011**

Through budget amendment item "**Reduce Severance Tax Support of State Parks**", the Department would implement a series of 8 steps to permanently reduce cash funding to State Parks by \$2.2 million and 9.9 FTE. The Department also requests a FY 2011-12 General Fund budget balancing transfer of \$3,281,331 cash funds (Operational Account of the Severance Tax Trust Fund (Operational Account)) to the General Fund. **The Committee would need to sponsor legislation in order to implement the transfer.** For FY 2011-12, the Department submitted a budget request to provide approximately \$7.6 million to State Parks from the Operational Account (\$4.9 million Tier I and \$2.7 million Tier II).

Summary of Request – Department of Natural Resources February 14, 2011, BRI-1a: Reduce Severance Tax Support of State Parks Summary of Request by Long Bill Line Item						
	CF - STAX*	CF - Parks*	CF- Lottery	Federal Funds	Total	FTE
(1) EDO; Health, Life, and Dental	(11,280)	(33,276)	0	0	(44,556)	0.0
(1) EDO; Short-term Disability	(139)	(688)	0	0	(827)	0.0
(1) EDO; S.B. 04-257 AED	(2,201)	(10,886)	0	0	(13,087)	0.0
(1) EDO; S.B. 06-235 SAED	(1,768)	(8,748)	0	0	(10,516)	0.0
(1) EDO; Vehicle Lease Payments	0	(7,781)	0	0	(7,781)	0.0
(6) Parks; (A) State Park Operations	(2,428,331)	1,107,278	603,500	0	(717,553)	(7.9)
(6) Parks; (C) Special Purpose, System Operations and Support	0	0	(73,500)	0	(73,500)	0.0
(6) Parks; (C) Special Purpose, Asset Management	0	0	(30,000)	0	(30,000)	0.0
(6) Parks; Special Purpose, Trails Grants	0	0	0	(500,000)	(500,000)	0.0
(6) Parks; Special Purpose, S.B. 08-226 Aquatic Nuisance Species	<u>(437,612)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(437,612)</u>	<u>(2.0)</u>
<b>Total Operating Budget Request</b>	<b>(2,881,331)</b>	<b>1,045,899</b>	<b>500,000</b>	<b>(500,000)</b>	<b>(1,835,432)</b>	<b>(9.9)</b>
Eliminate Species Conservation Trust Fund (SCTF) Natural Areas Program (Special Bill)	(400,000)	0	0	0	(400,000)	0.0
Park Infrastructure and Facilities (Capital Budget)	0	0	(500,000)	500,000	0	0.0
<b>Grand Total Budget Amendment</b>	<b>(3,281,331)</b>	<b>1,045,899</b>	<b>0</b>	<b>0</b>	<b>(2,235,432)</b>	<b>(9.9)</b>

\* "STAX" funding is from the Operational Account of the Severance Tax Trust Fund. "Parks" funding is from the Parks and Outdoor Recreation Cash Fund.

The table below shows a breakdown of the request based on 8 separate steps proposed by the Department. For a discussion of each step, please see the "Description of Department Request" section starting on page 4 of this memo.

Summary of Request – Department of Natural Resources February 14, 2011, BRI-1a: Reduce Severance Tax Support of State Parks Summary of Request by Severance Tax Funding Category							
	CF - STAX Tier I	CF - STAX Tier II	CF - Parks	CF- Lottery	Federal Funds	Total	FTE
2. Oil and Gas Development at St. Vrain State Park	(500,000)	0	500,000	0	0	0	0.0
3. Reduction to Trails Program	(500,000)	0	0	500,000	(500,000)	(500,000)	0.0
4. Re-purpose Bonny Lake, Sweitzer Lake, Harvey Gap, and Paonia State Parks	(163,033)	(53,000)	(107,101)	0	0	(323,134)	(2.2)
5. Eliminate the Retail Program	(101,670)	0	0	0	0	(101,670)	(1.0)
6. Eliminate Aspen Leaf Discounts	(653,000)	0	653,000	0	0	0	0.0
7. Administrative Cuts	(510,628)	0	0	0	0	(510,628)	(4.7)
8. Cuts to Aquatic Nuisance Species Program	0	(400,000)	0	0	0	(400,000)	(2.0)
<b>Total Operating Budget Request</b>	<b>(2,428,331)</b>	<b>(453,000)</b>	<b>1,045,899</b>	<b>500,000</b>	<b>(500,000)</b>	<b>(1,835,432)</b>	<b>(9.9)</b>
1. Eliminate Species Conservation Trust Funding for the Natural Areas Program	0	(400,000)	0	0	0	(400,000)	0.0
3. Reduction to Trails Program (Capital Budget Impact)	0	0	0	(500,000)	500,000	0	0.0
<b>Grand Total Budget Amendment</b>	<b>(2,428,331)</b>	<b>(853,000)</b>	<b>1,045,899</b>	<b>0</b>	<b>0</b>	<b>(2,235,432)</b>	<b>(9.9)</b>

**JBC Staff Analysis of Request and Recommendations**

State Parks recently released a Five Year Financial Plan for FY 2010-11 through FY 2014-15. The plan identified ten primary and numerous secondary strategies to achieve long term financial sustainability. No savings are expected before FY 2012-13 as a result of these strategies. In addition to the strategies, the Financial Plan also identified alternative park closures, programmatic cuts, and administrative cuts that could be implemented in the event the recommended strategies were not successful. These fallback strategies would result in a smaller state park system. They could potentially be implemented in a shorter time frame and contain more definitive and quantifiable cost savings. The eight reductions described in this request largely mirror the fallback budget cutting strategies contained in the Financial Plan.

*Staff was notified by the Department that the Governor proposal to merge the Division of Parks and Outdoor Recreation and the Division of Wildlife does not directly impact this Department proposal. However, without the merger, the Department states that it is more likely that the four state parks*

*will be re-purposed (given to local governments or the Division of Wildlife), with the merger, it is more likely that will remain under the management of the combined Divisions.*

Pursuant to Section 39-29-109.3 (3), C.R.S., the Operational Account is to maintain a reserve equal to the current state fiscal year's operating appropriations for Tier I programs and a 15.0 percent reserve for Tier II programs. This means that based on the Department proposal, \$4,856,662 in Tier I funding is freed and \$980,950 in Tier II funding is freed for a total of \$5,837,612. The Department proposes a \$3.3 million transfer to the General Fund in FY 2011-12.

**Staff recommends the Committee approve the Department request to reduce Operational Account funding provided to State Parks for FY 2011-12 and the future as described in the 8 steps. However, staff does not recommend moving funding for the Aquatic Nuisance Species program from Tier II to Tier I of the Operational Account (step 8) because that proposal would cost approximately \$2.0 million dollars since Tier I appropriations have a higher statutory reserve.**

**In addition, Staff recommends the Committee consider (1) either transferring the entire estimated savings of \$5,837,612 in FY 2011-12, (2) or consider sponsoring legislation to bring the Division of Water Resources into the Tier I Operational Account funding mechanism and refinance General Fund dollars appropriated to the Division of Water Resources with Operational Account dollars on an on-going basis.**

**Operational Account Fund Balance for FY 2011-12**

***Staff Recommendation Option 1:*** Based on the Legislative Council Staff December 2010 revenue forecast, and the Department request for reductions to the Tier I and Tier II appropriations and a \$3.3 million transfer to the General Fund, the Operational Account will have an end year FY 2011-12 balance of \$10.2 million. If the Committee were to choose to transfer the staff recommended amount of \$5.8 million, the end year balance of the Operational Account will be approximately \$7.7 million.

***Staff Recommendation Option 2:*** Section 39-29-109.3 (1), C.R.S., specifies the percentages that can be appropriated to Tier I divisions and programs. The table below shows the current appropriations and actual/estimated expenditures.

<b>Operational Account Tier I Allowed Appropriations</b>		
	<b>Maximum Appropriation</b>	<b>FY 2011-12 Estimate</b>
Oil and Gas Conservation Commission	35.0%	4.8%
Colorado Geological Survey	20.0%	3.6%
Division of Reclamation, Mining, and Safety	25.0%	6.7%

<b>Operational Account Tier I Allowed Appropriations</b>		
	Maximum Appropriation	FY 2011-12 Estimate
CWCB Water Conservation	5.0%	2.0%
Division of Wildlife	5.0%	0.0%
Division of Parks and Outdoor Recreation	10.0%	3.8%

As a long-term General Fund refinance/saving option, staff recommends the Committee consider sponsoring legislation to add the Division of Water Resources under the Operational Account Tier I funding mechanism and refinance \$2.5 million General Fund with Operational Account Tier I dollars. In addition, staff recommends that in FY 2011-12 \$1.0 million be transferred directly into the General Fund for budget balancing purposes. With this proposal, JBC staff would be a little higher than the Department request for FY 2011-12 (\$3.3 million request vs. \$3.5 million recommendation). However, the staff recommendation would continue to save \$2.5 million General Fund previously appropriated to the Division of Water Resources in future years.

<b>Operational Account Tier I <u>Staff Recommendation</u> for Allowed Appropriations</b>		
	Maximum Appropriation	FY 2011-12 Estimate
Oil and Gas Conservation Commission	35.0%	4.6%
Colorado Geological Survey	15.0%	3.5%
Division of Reclamation, Mining, and Safety	20.0%	6.5%
CWCB Water Conservation	5.0%	2.0%
Division of Wildlife	5.0%	0.0%
Division of Parks and Outdoor Recreation	10.0%	3.6%
Division of Water Resources	10.0%	3.6%

**Description of Department Request**

- 1. Eliminate Species Conservation Trust Funding for the Natural Areas Program (\$400,000)** – For several straight years, State Parks has received \$400,000 from the Species Conservation Trust Fund (SCTF) to inventory and protect endangered plants and rare wildlife within both designated natural areas as well as within state parks. Elimination of this program would allow proposed statutory transfers from the Operational Account of the Severance Tax Trust Fund to the Species Conservation Trust Fund to be reduced (so that the moneys could instead be transferred to the General Fund). This particular proposal *would require a statutory change*, which could be wrapped into the bill transferring moneys to the

General Fund or could be included in the annual Species Conservation Trust Fund authorization bill. **The Department has relayed to staff that the Department is working with the sponsors of the annual Species Conservation Trust Fund bill to include a \$400,000 reduction in the SCTF bill, however, the Department is not working with the sponsors on including a \$400,000 transfer from the Operational Account to the General Fund.**

2. **Oil and Gas Development at St. Vrain State Park (\$500,000)** – A small percentage of acreage owned by the Division of Parks and Outdoor Recreation is eligible for development of energy and mineral resources. The Department believes this development could be accomplished in a manner that will not negatively impact park resources or visitor enjoyment. State Parks owns just 22% of the surface acres of land out of the 225,000 acres under management in the state park system. Of those approximate 50,000 surface acres, State Parks owns the mineral rights on only a small percentage. Of this small percentage, an even smaller portion includes lands with economically viable mineral resources. The one and only candidate for which mineral development is under consideration is St. Vrain State Park, where an oil and gas developer has approached State Parks and expressed interest in leasing a portion of the property for oil and gas development. Based on initial conversations, it is believed that mineral development could generate \$500,000 per year in royalties for State Parks (for a period of at least ten years). This additional income, which would be deposited into the Parks Cash Fund, could be utilized to prevent additional program cuts and park closures. To do this, spending authority from the Operational Account would be replaced with cash spending authority from the Parks Cash Fund.
3. **Reductions to Trails Program (\$500,000)** – For FY 2011-12, State Parks is projecting to spend about \$2.7 million for non-motorized, recreational Trails Grants. These grants fund non-motorized recreational trail maintenance, construction, and associated signage. By redirecting \$500,000 of federal Land and Water Conservation Fund moneys away from this program, State Parks will be able to direct additional moneys towards State Park Operations. Under this proposal, the Trails Program would be reduced to \$2.2 million in FY 2011-12.
4. **Re-purposing Status Bonny Lake, Sweitzer Lake, Harvey Gap, and Paonia State Parks (\$216,032 and 2.2 FTE)** – The Parks Board has already voted to move forward with the transfer of management or closure of Bonny Lake State Park. Due to well-documented and publicized long-term hydrological changes in the South Fork of the Republican River and legal requirements to deliver water to Kansas, water levels and recreational opportunities at Bonny Reservoir are expected to be significantly diminished in the future. Re-purposing of Sweitzer Lake, Harvey Gap, and Paonia are also being considered, in part because these were the three lowest scoring state parks in the PET rankings. The lower scores indicate that these properties do not fit the mission of State Parks as well as other properties under State Parks management. In part, the lower PET scores reflect the fact that the four parks listed for action here comprise only 1.3% of all visitors to the State Parks system (152,500 of over



12,000,000 visitors). Further, recreational opportunities may still be available after re-purposing. In this context, re-purposing could mean closing, transferring management or ownership, or placing into a “caretaker” status. Please note that of portion of the savings under this action (estimated at \$53,000 of the \$216,032 in total savings) will actually come from reductions in the “S.B. 08-226 Aquatic Nuisance Species” line item.

5. **Eliminate the Retail Program (\$101,670 and 1.0 FTE)** - The retail program is designed to produce and market specific products with Colorado State Parks logo on it to increase brand awareness, foster a loyal customer base who repeatedly visit state parks, generate revenue from product sales, provide customer service to park visitors by making available water, firewood, supplies, clothing, books, and guides, and to recruit and manage vendor/selling agents (sporting good shops and grocery store chains that sell parks passes). Online sale of parks passes and vendor/ agent management functions would be retained but the sale of all retail goods would either be eliminated or concessioned out.
6. **Eliminate Aspen Leaf Discounts (\$653,000)** – Currently senior citizens enjoy a 50.0 percent price discount on annual parks passes and a 50.0 percent discount on camping fees Sundays through Thursdays (“Aspen Leaf” discounts). In addition to the Aspen Leaf program, the Centennial Program (which is not impacted by this proposal) provides discount passes for low income parks visitors. Aspen Leaf discounts are well above national averages for state parks and other similar recreation services provided by public and private entities that receive little to no tax subsidies. State Parks states that with the virtual elimination of general tax subsidy for Colorado’s State Park system, such discounts can no longer be absorbed. Additionally, State Parks states that the recently created Lifetime Aspen Leaf Pass (through provisions in SB 10-071 Morse/Riesberg) should be discontinued immediately. According to State Parks, seniors remain one of the most financially-able demographics in the state, with relatively more discretionary income than others. That said, State Parks will continue to honor the original Aspen Leaf Lifetime Passes that were issued in the 1980’s (this program was phased out many years ago). Similarly, State Parks will also honor any Lifetime Aspen Leaf Passes that are sold under S.B. 10-71 (these passes were not sold prior to January 1, 2011). Parts of this particular proposal *would require a statutory change*. This change will produce increased revenue to the Parks cash fund. **The Department has relayed to staff that some JBC members have expressed an interest in sponsoring such a bill.**
7. **Administrative Cuts (\$510,628 and 4.7 FTE)** – With 4 less state parks to support, with internal restructuring, and through a reduction in IT equipment purchases, State Parks will reduce administrative spending. This item will include an estimated reduction in IT spending of \$103,500. The current regional organizational structure will also be modified. The 44 state parks are currently managed out of three regional offices located in Denver, Colorado Springs and Grand Junction. Each region has a Regional Manager and an Assistant Regional Manager. This proposal would eliminate one of the three Assistant Regional Managers.

8. **Cuts to Aquatic Nuisance Species Program (\$400,000 and 2.0 FTE)** – In FY 2010-11, State Parks will receive \$2,675,502 for its Aquatic Nuisance Species (ANS) Program. The ANS program includes a program of containment of the zebra mussel infestation at Lake Pueblo. All boats leaving Lake Pueblo are inspected and decontaminated via high pressure, high temperature washes to prevent the boats from carrying zebra mussel larvae to other bodies of water. Additionally, inspections are performed at other high risk state park reservoirs to prevent potentially infected boats from entering “clean” reservoirs without first being decontaminated. The proposed budgetary cut to this program would involve reducing the number of boat washing stations, scaling back or eliminating inspections at some waters and eliminating reserves to address severance tax revenue volatility and to promptly respond if additional state park reservoirs were to be found to be contaminated. In this regard, the \$400,000 cut includes \$15,388 in reductions to potted items in the Executive Directors Office. Reductions to this program *will require a statutory change*. The total transfer from the Operational Account of the Severance Tax Trust Fund to the Division of Parks and Outdoor Recreation Aquatic Nuisance Species Cash Fund should be reduced, in statute, by \$453,000. Under this proposal, the \$453,000 would instead be transferred to the General Fund. The \$453,000 includes \$400,000 shown under this item plus \$53,000 in ANS related work which would no longer be performed at the 4 state parks to be closed under item #4 above. **While amending the statutes related to State Parks’ Aquatic Nuisance Species Program, the Department also recommends making the remaining State Parks program a Tier 1 program (which will better protect the core functions of the program, including the full-time staff that coordinate the program, from proportional reductions which can occur to Tier 2 programs).**

Severance Tax Trust Fund Operational Account													
March 16, 2011	S.B. 96-170 Allowable %	Actual FY 07-08		Actual FY 08-09		Actual FY 09-10		Estimated FY 10-11		Request FY 11-12		Projected FY 12-13	
<b>FUND STATUS</b>													
Beginning Balance		40,012,876		46,588,101		68,073,848		31,181,533		24,036,635		25,244,430	
Transfers to the General Fund						(11,000,000)				(5,837,612)		0	
Revenue		39,457,043		81,216,379		10,168,149		42,470,250 (est.)		45,753,113 (est.)		48,756,840 (est.)	
Revenue Public School Energy Eff (39-29-109.5)		(89,096)		(163,769)		(48,807)		TBD		TBD		TBD	
Total Available for Appropriation		79,380,823		127,640,711		67,193,190		73,651,783		63,952,136		74,001,270	
<b>APPROPRIATION/RECOMMENDATION</b>													
Geological Survey	20.0%	2,193,248	2.8%	2,451,579	1.9%	2,432,751	3.6%	2,441,336	3.3%	2,377,830	3.7%	2,425,386	3.3%
Oil & Gas Conservation	35.0%	2,300,213	2.9%	2,639,668	2.1%	2,958,240	4.4%	3,234,045	4.4%	3,182,569	5.0%	3,246,220	4.4%
Reclamation, Mining, & Safety	25.0%	3,929,536	5.0%	3,817,071	3.0%	4,211,250	6.3%	4,161,927	5.7%	4,482,202	7.0%	4,571,846	6.2%
Water Conservation	5.0%	1,292,890	1.6%	1,266,839	1.0%	1,303,408	1.9%	1,319,250	1.8%	1,318,594	2.1%	1,318,594	1.8%
Colorado State Parks (S.B. 08-013 / H.B.	10.0%	0		1,234,058	1.0%	3,659,838	5.4%	3,475,863	4.7%	2,498,440	3.9%	2,498,440	3.4%
Colorado Division of Wildlife	5.0%	0		1,292,059	1.0%	1,345,098	2.0%	1,620,356	2.2%	0	0.0%	0	0.0%
<b>TOTAL</b>		<b>9,715,887</b>		<b>12,701,274</b>	(est.)	<b>15,910,585</b>	(est.)	<b>16,252,777</b>	(est.)	<b>13,859,634</b>	(est.)	<b>14,060,486</b>	(est.)
Roll-Forwards						0		1,661,300					
ARKS River Settlement (SB 05-226)													
CWCB's Litigation Fund (Sect. 17 of HB 06-1313)		0		0		0		0		0		0	
Underground Water Storage (S.B. 06-193)										0		0	
<b>Tier 2 Programs</b>													
(a) Water Supply Reserve Account (S.B. 06-179 / S.B.		6,000,000		7,000,000		5,775,000		6,000,000		7,000,000		10,000,000	
(b) Soil Consvtn Districts Matching Grants (HB 06-1393)				450,000		450,000		450,000		450,000		450,000	
(c) Water Efficiency Grants (HB 05-1254 / SB 07-008)		800,000		800,000		0		0		0		550,000	
S.B. 07-008 Contingent Tranfer				1,000,000		0		0		0		0	
(d) & (e) Species Cons Trust Fund (Note #3)				12,513,886		4,500,000		11,000,000		3,600,000		6,100,000	
(f) LEAP - HB 06-1200		12,000,000		13,000,000		1,625,000		6,500,000		6,500,000		13,000,000	
(g) CO Renewable Energy Auth / Clean Coal (H.B. 06-1		2,000,000		2,000,000									
(h) Agriculture Value-Added Cash Fund (HB 06-1322 /		500,000		500,000		500,000		500,000		500,000		500,000	
(i) Interbasin Compacts (H.B. 05-1177 / H.B. 06-1400)		1,626,835		1,145,067		745,067		745,067		745,067		745,067	
(j) CO Water Research Inst (SB 06-183/HB 07-1096/HE		150,000		500,000		0		0		0		0	
(k) & (n) Forestry Grants / Bark Beetle (S.B. 08-071 / H.		0		1,000,000		2,500,000		2,500,000		2,500,000		2,500,000	
(l) Tamarisk Control Grants (H.B. 08-1346)		0		1,000,000		0		0		0		0	
(m) Aquatic Invasive Species (S.B. 08-226)				5,956,636		4,006,005		4,006,005		3,553,005		3,553,005	
<b>Actual Expenditures</b>		32,792,722		59,566,863		36,011,657		49,615,149		38,707,706		51,458,558	
<b>Ending Balance after Appr./Exp</b>		46,588,101		68,073,848		31,181,533		24,036,635		25,244,430		22,542,712	
2 Yr Reserve / 1 Yr Reserve Starting FY 08-09		10,540,441		12,701,274		15,910,585		16,252,777		13,859,634		14,060,486	
LEAP Reserve / 15% Reserve Starting FY 08-09		3,469,157		7,029,838		3,015,161		4,755,161		3,727,211		5,609,711	
Total Reserve Requirement		14,009,598		19,731,112		18,925,746		21,007,937		17,586,845		19,670,197	
<b>Balance after Reserve</b>		<b>32,578,504</b>		<b>48,342,736</b>		<b>12,255,788</b>		<b>3,028,698</b>		<b>7,657,585</b>		<b>2,872,515</b>	

Severance Tax Trust Fund Operational Account															
March 16, 2011		S.B. 96-170		Actual		Actual		Actual		Estimated		Request		Projected	
		Allowable %		FY 07-08		FY 08-09		FY 09-10		FY 10-11		FY 11-12		FY 12-13	
<b>FUND STATUS</b>															
Beginning Balance				40,012,876		46,588,101		68,073,848		31,181,533		24,036,635		27,582,042	
Transfers to the General Fund								(11,000,000)				(1,000,000)		0	
Revenue				39,457,043		81,216,379		10,168,149		42,470,250 (est.)		45,753,113 (est.)		48,756,840 (est.)	
Revenue Public School Energy Eff (39-29-109.5)				(89,096)		(163,769)		(48,807)		TBD		TBD		TBD	
Total Available for Appropriation				79,380,823		127,640,711		67,193,190		73,651,783		68,789,748		76,338,882	
<b>APPROPRIATION/RECOMMENDATION</b>															
Geological Survey		15.0%		2,193,248		2,451,579		2,432,751		2,441,336		2,377,830		2,425,386	
Oil & Gas Conservation		35.0%		2,300,213		2,639,668		2,958,240		3,234,045		3,182,569		3,246,220	
Reclamation, Mining, & Safety		20.0%		3,929,536		3,817,071		4,211,250		4,161,927		4,482,202		4,571,846	
Water Conservation		5.0%		1,292,890		1,266,839		1,303,408		1,319,250		1,318,594		1,318,594	
Division of Water Resources		10.0%										2,500,000		2,500,000	
Colorado State Parks (S.B. 08-013 / H.B. 08-013)		10.0%		0		1,234,058		3,659,838		3,475,863		2,498,440		2,498,440	
Colorado Division of Wildlife		5.0%		0		1,292,059		1,345,098		1,620,356		0		0	
<b>TOTAL</b>				<u>9,715,887</u>		<u>12,701,274 (est.)</u>		<u>15,910,585 (est.)</u>		<u>16,252,777 (est.)</u>		<u>16,359,634 (est.)</u>		<u>16,560,486 (est.)</u>	
Roll-Forwards								0		1,661,300					
ARKS River Settlement (SB 05-226)															
CWCB's Litigation Fund (Sect. 17 of HB 06-1313)				0		0		0		0		0		0	
Underground Water Storage (S.B. 06-193)												0		0	
<b>Tier 2 Programs</b>															
(a) Water Supply Reserve Account (S.B. 06-179 / S.B. 06-179)				6,000,000		7,000,000		5,775,000		6,000,000		7,000,000		10,000,000	
(b) Soil Conservn Districts Matching Grants (HB 06-1393)						450,000		450,000		450,000		450,000		450,000	
(c) Water Efficiency Grants (HB 05-1254 / SB 07-008)				800,000		800,000		0		0		0		550,000	
S.B. 07-008 Contingent Transfer						1,000,000		0		0		0		0	
(d) & (e) Species Cons Trust Fund (Note #3)						12,513,886		4,500,000		11,000,000		3,600,000		6,100,000	
(f) LEAP - HB 06-1200				12,000,000		13,000,000		1,625,000		6,500,000		6,500,000		13,000,000	
(g) CO Renewable Energy Auth / Clean Coal (H.B. 06-1177)				2,000,000		2,000,000									
(h) Agriculture Value-Added Cash Fund (HB 06-1322 / SB 06-1322)				500,000		500,000		500,000		500,000		500,000		500,000	
(i) Interbasin Compacts (H.B. 05-1177 / H.B. 06-1400)				1,626,835		1,145,067		745,067		745,067		745,067		745,067	
(j) CO Water Research Inst (SB 06-183/HB 07-1096/HB 07-1096)				150,000		500,000		0		0		0		0	
(k) & (n) Forestry Grants / Bark Beetle (S.B. 08-071 / H.B. 08-071)				0		1,000,000		2,500,000		2,500,000		2,500,000		2,500,000	
(l) Tamarisk Control Grants (H.B. 08-1346)				0		1,000,000		0		0		0		0	
(m) Aquatic Invasive Species (S.B. 08-226)						5,956,636		4,006,005		4,006,005		3,553,005		3,553,005	
<b>Actual Expenditures</b>				32,792,722		59,566,863		36,011,657		49,615,149		41,207,706		53,958,558	
<b>Ending Balance after Appr./Exp</b>				46,588,101		68,073,848		31,181,533		24,036,635		27,582,042		22,380,324	
2 Yr Reserve / 1 Yr Reserve Starting FY 08-09				10,540,441		12,701,274		15,910,585		16,252,777		16,359,634		16,560,486	
LEAP Reserve / 15% Reserve Starting FY 08-09				3,469,157		7,029,838		3,015,161		4,755,161		3,727,211		5,609,711	
Total Reserve Requirement				14,009,598		19,731,112		18,925,746		21,007,937		20,086,845		22,170,197	
<b>Balance after Reserve</b>				<b>32,578,504</b>		<b>48,342,736</b>		<b>12,255,788</b>		<b>3,028,698</b>		<b>7,495,197</b>		<b>210,127</b>	

# MEMORANDUM

**TO:** Members of the Joint Budget Committee

**FROM:** Viktor Bojilov, JBC Staff, 303-866-2149

**SUBJECT:** Department of Natural Resources Staff Technical Comeback.

**DATE:** March 17, 2011

Staff made a technical funding split error in calculating three centrally appropriated "potted" items: Short-term Disability, AED, and SAED. The result of the error is that staff appropriated \$3,091 General Fund over what is necessary and under-appropriated \$3,137 cash funds than what is necessary. For the FY 2010-11 IT staff consolidation, staff reduced the General Fund by \$60,000 more than was necessary and failed to reduce cash funds by an equal \$60,000. The table below shows the initial staff recommendation.

<b>Summary of Staff Recommendation from February 15, 2011 Figure Setting Presentation (1) Executive Director's Office; Short-term Disability; S.B. 04-257 AED; and S.B. 06-235 SAED</b>					
	<b>TOTAL</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>
FY 2009-10 Base Salaries	\$87,987,583	\$15,247,867	\$58,568,060	\$4,224,529	\$9,947,127
FY 2010-11 Statewide IT Staff Consolidation (FY 10 actual salaries)	<u>(3,562,448)</u>	<u>(591,208)</u>	<u>(1,795,524)</u>	<u>(1,077,228)</u>	<u>(98,488)</u>
<b>Adjusted Base Salaries</b>	<b>84,425,135</b>	<b>14,656,659</b>	<b>56,772,536</b>	<b>3,147,301</b>	<b>9,848,639</b>
<b><u>Short-term Disability Recommendation</u></b>	<b>149,432</b>	<b>25,942</b>	<b>100,487</b>	<b>5,571</b>	<b>17,432</b>
<b><u>S.B. 04-257 AED Recommendation</u></b>	<b>2,359,018</b>	<b>405,501</b>	<b>1,589,631</b>	<b>88,124</b>	<b>275,762</b>
<b><u>S.B. 06-235 SAED Recommendation</u></b>	<b>1,893,458</b>	<b>323,668</b>	<b>1,277,382</b>	<b>70,814</b>	<b>221,594</b>

The table below shows the staff corrected calculation for the three lines.

<b>Summary of CORRECTED Staff Recommendation</b>					
<b>(1) Executive Director's Office - Short-term Disability; S.B. 04-257 AED; and S.B. 06-235 SAED</b>					
	<b>TOTAL</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>
FY 2009-10 Base Salaries	\$87,987,583	\$15,247,867	\$58,568,060	\$4,224,529	\$9,947,127
FY 2010-11 Statewide IT Staff Consolidation (FY 10 actual salaries)	<u>(3,562,448)</u>	<u>(651,208)</u>	<u>(1,735,524)</u>	<u>(1,077,228)</u>	<u>(98,488)</u>
<b>Adjusted Base Salaries</b>	<b>84,425,135</b>	<b>14,596,659</b>	<b>56,832,536</b>	<b>3,147,301</b>	<b>9,848,639</b>
<b><u>Short-term Disability Recommendation</u></b>	<b>149,433</b>	<b>25,836</b>	<b>100,594</b>	<b>5,571</b>	<b>17,432</b>
<b><u>S.B. 04-257 AED Recommendation</u></b>	<b>2,359,038</b>	<b>403,841</b>	<b>1,591,311</b>	<b>88,124</b>	<b>275,762</b>
<b><u>S.B. 06-235 SAED Recommendation</u></b>	<b>1,893,483</b>	<b>322,343</b>	<b>1,278,732</b>	<b>70,814</b>	<b>221,594</b>

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2011-12 FIGURE SETTING:  
DEPARTMENT OF NATURAL RESOURCES  
(FOR THE FOLLOWING DIVISIONS:  
EXECUTIVE DIRECTOR'S OFFICE, PARKS  
AND OUTDOOR RECREATION, COLORADO WATER  
CONSERVATION BOARD, WATER RESOURCES  
DIVISION, AND DIVISION OF WILDLIFE)**

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

**Prepared By:**

**Viktor Bojilov, JBC Staff  
February 15, 2011**

**For Further Information Contact:**

**Joint Budget Committee  
200 East 14th Avenue, 3rd Floor  
Denver, Colorado 80203  
Telephone: (303) 866-2061  
Facsimile: (303) 866-2150**

**FY 2011-12 FIGURE SETTING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

**DEPARTMENT OF NATURAL RESOURCES**

**(FOR THE FOLLOWING DIVISIONS:  
EXECUTIVE DIRECTOR’S OFFICE, PARKS  
AND OUTDOOR RECREATION, COLORADO WATER  
CONSERVATION BOARD, WATER RESOURCES  
DIVISION, AND DIVISION OF WILDLIFE)**

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FY 2011-12  
 Joint Budget Committee Budget Figure Setting  
 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
<b>DEPARTMENT OF NATURAL RESOURCES</b>						
<b>Executive Director: Mike King</b>						
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>						
Primary functions: provides budgeting, accounting, financial management, human resources, information technology, public information, and environmental education coordination for all divisions. Cash fund sources include various funds as reflected in individual division descriptions. Reappropriated funds is comprised of statewide and departmental indirect cost recoveries.						
<b>(A) Administration and Information Technology Services</b>						
Personal Services	4,701,517	5,123,817	3,707,622 S	3,672,843	3,691,923	NP-4; BRI-2
FTE	<u>54.6</u>	<u>56.2</u>	<u>43.8</u>	<u>43.8</u>	<u>43.8</u>	
General Fund	0	85,690	0	0	0	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	4,701,517	5,038,127	3,707,622	3,672,843	3,691,923	
Health, Life, and Dental	<u>7,931,687</u>	<u>9,030,537</u>	<u>8,607,587</u> S	<u>9,002,760</u>	<u>9,049,768</u>	NP-2; BRI-1
General Fund	1,797,593	1,833,678	1,762,355	1,507,542	1,531,020	
Cash Funds	5,185,616	6,125,183	5,554,144	5,747,200	5,778,107	
Reappropriated Funds	292,835	325,693	283,926	393,343	374,263	
Federal Funds	655,643	745,983	1,007,162	1,354,675	1,366,378	
Short-term Disability	<u>129,011</u>	<u>123,206</u>	<u>131,014</u>	<u>156,469</u>	<u>149,432</u>	BRI-1
General Fund	26,620	23,577	25,925	27,204	25,942	
Cash Funds	86,582	84,920	89,956	104,712	100,487	
Reappropriated Funds	5,607	5,163	3,915	5,260	5,571	
Federal Funds	10,202	9,546	11,218	19,293	17,432	
S.B. 04-257 Amortization Equalization Disbursement	<u>1,599,591</u>	<u>1,739,502</u>	<u>2,023,033</u>	<u>2,475,233</u>	<u>2,359,018</u>	BRI-1
General Fund	327,083	360,735	395,845	430,353	405,501	
Cash Funds	1,077,935	1,141,612	1,392,875	1,656,463	1,589,631	
Reappropriated Funds	69,014	86,784	60,612	83,210	88,124	
Federal Funds	125,559	150,371	173,701	305,207	275,762	

FY 2011-12  
 Joint Budget Committee Budget Figure Setting  
 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	<u>FY 2008-09</u> Actual	<u>FY2009-10</u> Actual	<u>FY 2010-11</u> Appropriation	<u>FY 2011-12</u> Request	<u>FY 2011-12</u> Recommendation	Change Requests
S.B. 06-235 Supplemental AED	<u>743,881</u>	<u>1,083,002</u>	<u>1,472,224</u>	<u>1,989,027</u>	<u>1,893,458</u>	BRI-1
General Fund	147,392	221,444	285,733	345,820	323,668	
Cash Funds	505,282	713,508	1,015,638	1,331,086	1,277,382	
Reappropriated Funds	32,351	54,240	44,196	66,865	70,814	
Federal Funds	58,856	93,810	126,657	245,256	221,594	
Salary Survey and Senior Executive Service	<u>3,303,727</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	593,316	0	0	0	0	
Cash Funds	2,461,589	0	0	0	0	
Reappropriated Funds	173,652	0	0	0	0	
Federal Funds	75,170	0	0	0	0	
Performance-based Pay Awards	<u>1,428,940</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	324,273	0	0	0	0	
Cash Funds	997,742	0	0	0	0	
Reappropriated Funds	66,259	0	0	0	0	
Federal Funds	40,666	0	0	0	0	
Shift Differential	<u>18,743</u>	<u>9,801</u>	<u>24,774</u>	<u>23,643</u>	<u>0</u>	<b>Pending</b>
General Fund	5,182	2,297	4,650	0	0	BRI-1
Cash Funds	13,561	7,504	20,124	23,643	0	
Workers' Compensation	<u>1,193,258</u>	<u>1,697,802</u>	<u>1,722,323</u>	<u>1,703,402</u>	<u>0</u>	<b>Pending</b>
General Fund	152,872	224,577	301,919	241,901	0	BRI-1
Cash Funds	1,039,018	1,442,548	1,367,147	1,394,763	0	
Reappropriated Funds	0	25,284	24,913	29,513	0	
Federal Funds	1,368	5,393	28,344	37,225	0	
Operating Expenses	<u>1,190,066</u>	<u>1,132,756</u>	<u>1,241,241</u>	<u>1,241,404</u>	<u>1,241,078</u>	NP-1
Cash Funds	976,443	932,014	1,060,977	1,060,977	1,060,651	
Reappropriated Funds	193,286	150,532	174,927	175,090	175,090	
Federal Funds	20,337	50,210	5,337	5,337	5,337	

FY 2011-12  
 Joint Budget Committee Budget Figure Setting  
 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Legal Services	3,095,965	3,295,151	3,331,732	3,331,732	0	<b>Pending</b>
<i>Hours Equivalent</i>	<u>41,225</u>	<u>43,714</u>	<u>45,410</u>	<u>45,410</u>	<u>45,410</u>	BRI-1
General Fund	826,299	822,587	810,804	806,695	0	
Cash Funds	2,219,498	2,428,117	2,433,572	2,437,681	0	
Reappropriated Funds	12,500	34,331	38,299	38,299	0	
Federal Funds	37,668	10,116	49,057	49,057	0	
Administrative Law Judge Services - RF	0	0	0	0	0	
Purchase of Services from Computer Center	<u>686,562</u>	<u>647,003</u>	<u>5,057,315</u>	<u>5,357,942</u>	<u>0</u>	<b>Pending</b>
General Fund	9,533	6,483	674,985	435,619	0	BRI-1
Cash Funds	519,710	480,805	3,067,287	3,295,368	0	
Reappropriated Funds	157,319	159,715	1,219,091	1,522,729	0	
Federal Funds	0	0	95,952	104,226	0	
Multiuse Network Payments	<u>1,058,888</u>	<u>1,058,888</u>	<u>2,162,902</u>	<u>2,165,545</u>	<u>0</u>	<b>Pending</b>
General Fund	257,730	211,928	238,620	134,923	0	BRI-1
Cash Funds	731,043	782,309	1,280,296	1,385,125	0	
Reappropriated Funds	62,113	59,340	535,856	537,065	0	
Federal Funds	8,002	5,311	108,130	108,432	0	
Management and Administration of OIT	<u>226,424</u>	<u>203,947</u>	<u>537,388</u>	<u>548,650</u>	<u>0</u>	<b>Pending</b>
General Fund	47,835	43,053	11,018	2,632	0	BRI-1
Cash Funds	165,212	147,603	286,129	299,080	0	
Reappropriated Funds	8,417	8,538	234,566	240,707	0	
Federal Funds	4,960	4,753	5,675	6,231	0	
Payment to Risk Management & Property Funds	<u>1,168,937</u>	<u>963,820</u>	<u>351,612</u>	<u>975,604</u>	<u>0</u>	<b>Pending</b>
General Fund	209,005	140,499	42,552	85,112	0	BRI-1
Cash Funds	924,260	796,465	298,971	864,504	0	
Reappropriated Funds	27,698	20,325	6,317	14,853	0	
Federal Funds	7,974	6,531	3,772	11,135	0	

FY 2011-12  
 Joint Budget Committee Budget Figure Setting  
 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Vehicle Lease Payments	<u>2,385,420</u>	<u>2,945,589</u>	<u>3,369,180</u> S	<u>2,999,755</u>	<u>0</u>	<b>Pending</b>
General Fund	365,017	402,886	433,059	303,560	0	NP-3; BRI-1
Cash Funds	1,979,301	2,485,425	2,878,403	2,642,363	0	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	41,102	57,278	57,718	53,832	0	
Information Technology Asset Maintenance	<u>276,478</u>	<u>282,115</u>	<u>282,477</u>	<u>266,989</u>	<u>266,989</u>	BRI-1; BRI-4
General Fund	53,746	53,383	53,746	31,628	31,628	
Cash Funds	125,957	125,958	125,957	144,823	144,823	
Reappropriated Funds	84,539	90,538	90,538	90,538	90,538	
Federal Funds	12,236	12,236	12,236	0	0	
Leased Space	<u>1,196,145</u>	<u>1,185,090</u>	<u>1,311,484</u>	<u>1,366,140</u>	<u>1,366,140</u>	DI-6; BRI-1
General Fund	489,254	501,682	524,396	536,714	536,714	
Cash Funds	682,766	657,327	760,714	801,645	801,645	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	24,125	26,081	26,374	27,781	27,781	
Capitol Complex Leased Space	<u>866,705</u>	<u>867,258</u>	<u>851,397</u>	<u>911,218</u>	<u>0</u>	<b>Pending</b>
General Fund	243,501	239,471	241,965	227,478	0	BRI-1
Cash Funds	348,807	352,829	325,029	393,411	0	
Reappropriated Funds	169,706	170,071	166,960	178,691	0	
Federal Funds	104,691	104,887	117,443	111,638	0	
Communications Services Payments	<u>988,238</u>	<u>988,238</u>	<u>981,206</u>	<u>1,000,327</u>	<u>0</u>	<b>Pending</b>
General Fund	117,207	117,207	110,050	0	0	BRI-1
Cash Funds	871,031	871,031	871,156	1,000,327	0	
Reappropriated Funds	0	0	0	0	0	
						<b>Request vs. Appropriation</b>
<b>(1) (A) Administration and Information Technology Services</b>	34,190,183	32,377,522	37,166,511	39,188,683	20,017,806	-46.1%

FY 2011-12  
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 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
FTE	<u>54.6</u>	<u>56.2</u>	<u>43.8</u>	<u>43.8</u>	<u>43.8</u>	<u>0.0</u>
General Fund	5,993,458	5,291,177	5,917,622	5,117,181	2,854,473	-51.8%
Cash Funds	20,911,353	19,575,158	22,828,375	24,583,171	10,752,726	-52.9%
Cash Funds Exempt / Reappropriated Funds	6,056,813	6,228,681	6,591,738	7,049,006	4,496,323	-31.8%
Federal Funds	1,228,559	1,282,506	1,828,776	2,439,325	1,914,284	4.7%
<b>(B) S.B. 08-168 (Species Cons. Trust Fund) - CF<sup>1</sup></b>						
	1,059,022	0	0	0	0	n/a
<b>(C) H.B. 09-1289 (Species Cons. Trust Fund) - CF<sup>1</sup></b>						
	0	2,871,280	0	0	0	n/a
<b>(D) H.B. 10-1398 (Species Cons. Trust Fund) - CF<sup>1</sup></b>						
	0	0	8,000,000	0	0	-100.0%
						<b>Request vs. Appropriation</b>
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>						
<b>- SUBTOTAL</b>	35,249,205	35,248,802	45,166,511	39,188,683	20,017,806	-55.7%
FTE	<u>54.6</u>	<u>56.2</u>	<u>43.8</u>	<u>43.8</u>	<u>43.8</u>	<u>0.0</u>
General Fund	5,993,458	5,291,177	5,917,622	5,117,181	2,854,473	-51.8%
Cash Funds	21,970,375	22,446,438	30,828,375	24,583,171	10,752,726	-65.1%
Reappropriated Funds	6,056,813	6,228,681	6,591,738	7,049,006	4,496,323	-31.8%
Federal Funds	1,228,559	1,282,506	1,828,776	2,439,325	1,914,284	4.7%
<sup>1</sup> Actual expenditures for the Species Conservation Trust Fund bills include expenditures from multiple bills from prior years.						
<b>(6) PARKS AND OUTDOOR RECREATION</b>						
Primary function: manages new and existing parks and various recreation programs throughout the State. Cash fund sources include the Parks Cash Fund, direct lottery distribution, GOCO grants, Off-highway Vehicle Cash Fund, and other special purpose cash funds.						
<b>(A) State Park Operations</b>	24,081,146	23,472,634	24,445,581	24,367,723	24,042,731	DI-6; DI-7; NP-1;
FTE	<u>252.7</u>	<u>246.7</u>	<u>255.7</u>	<u>255.2</u>	<u>255.2</u>	NP-4; BRI-1

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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
General Fund	5,614,271	1,475,893	1,630,733	0	0	
Cash Funds	18,106,950	21,591,321	22,369,459	23,922,334	23,604,023	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	359,925	405,420	445,389	445,389	438,708	
						<b>Request vs. Appropriation</b>
<b>(A) State Park Operations - Subtotal</b>	24,081,146	23,472,634	24,445,581	24,367,723	24,042,731	-1.6%
FTE	<u>252.7</u>	<u>246.7</u>	<u>255.7</u>	<u>255.2</u>	<u>255.2</u>	(0.5)
General Fund	5,614,271	1,475,893	1,630,733	0	0	-100.0%
Cash Funds	18,106,950	21,591,321	22,369,459	23,922,334	23,604,023	5.5%
Reappropriated Funds	0	0	0	0	0	n/a
Federal Funds	359,925	405,420	445,389	445,389	438,708	-1.5%
<b>(B) Great Outdoors Colorado (GOCO) Board Grants</b>						
Land and Water Protection	460,714	353,813	709,000	709,000	709,000	
FTE	<u>1.3</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds	460,714	353,813	709,000	709,000	709,000	
Reappropriated Funds	0	0	0	0	0	
Operations and Maintenance	1,571,605	1,888,545	1,969,000	1,969,000	1,969,000	
FTE	<u>13.2</u>	<u>12.3</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	
Cash Funds	1,571,605	1,888,545	1,969,000	1,969,000	1,969,000	
Reappropriated Funds	0	0	0	0	0	
Statewide Programs	1,109,812	1,135,002	1,657,000	1,657,000	1,657,000	
FTE	<u>4.5</u>	<u>5.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	
Cash Funds	1,109,812	1,135,002	1,657,000	1,657,000	1,657,000	
Reappropriated Funds	0	0	0	0	0	
						<b>Request vs. Appropriation</b>
<b>(B) GOCO Board Grants - Subtotal</b>	3,142,131	3,377,360	4,335,000	4,335,000	4,335,000	0.0%
FTE	<u>19.0</u>	<u>19.3</u>	<u>22.5</u>	<u>22.5</u>	<u>22.5</u>	<u>0.0</u>

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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Cash Funds	3,142,131	3,377,360	4,335,000	4,335,000	4,335,000	0.0%
Reappropriated Funds	0	0	0	0	0	n/a
<b>(C) Special Purpose</b>						
Snowmobile Program - CF	839,911	854,351	1,003,027	1,003,654	999,848	NP-4
FTE	0.2	1.0	1.3	1.3	1.3	
River Outfitters Regulation - CF	71,931	70,920	74,466	142,966	142,966	
FTE	0.0	0.0	0.0	0.5	0.5	
Off-Highway Vehicle Program - CF	255,818	238,408	532,000	532,694	529,265	NP-4
FTE	3.0	2.3	3.0	3.0	3.0	
Off-highway Vehicle Grants - CF	NA	0	4,000,000	4,000,000	4,000,000	
Federal Grants - FF	886,472	533,145	518,516	750,000	750,000	
S.B. 03-290 Enterprise Fund	<u>277,455</u>	<u>239,508</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	277,455	239,508	200,000	200,000	200,000	
Reappropriated Funds	0	0	0	0	0	
System Operations and Support	<u>626,153</u>	<u>545,289</u>	<u>735,000</u>	<u>735,000</u>	<u>735,000</u>	
Cash Funds	626,153	545,289	735,000	735,000	735,000	
Reappropriated Funds	0	0	0	0	0	
Connectivity at State Parks	<u>343,959</u>	<u>179,319</u>	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	
Cash Funds	343,959	179,319	370,000	370,000	370,000	
Reappropriated Funds	0	0	0	0	0	
Asset Management	<u>298,279</u>	<u>347,161</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	
Cash Funds	298,279	347,161	300,000	300,000	300,000	
Reappropriated Funds	0	0	0	0	0	

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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Voice Over Internet Protocol	<u>1,242</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	1,242	0	0	0	0	
Reappropriated Funds	0	0	0	0	0	
Law Enforcement Equipment	<u>0</u>	<u>0</u>	<u>126,780</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	126,780	0	0	
Reappropriated Funds	0	0	0	0	0	
Natural Resource Protection	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	
Cash Funds	NA	0	150,000	150,000	150,000	
Federal Funds	NA	0	450,000	450,000	450,000	
Miscellaneous Small Projects - CF	NA	0	2,000,000	2,000,000	2,000,000	
Trails Grants	<u>0</u>	<u>0</u>	<u>2,500,000</u>	<u>2,700,000</u>	<u>2,700,000</u>	
Cash Funds	NA	0	1,600,000	1,800,000	1,800,000	
Federal Funds	NA	0	900,000	900,000	900,000	
S.B. 08-226 Aquatic Nuisance Species - CF	1,788,660	2,120,613	2,675,502	2,677,067	2,677,067	NP-4
FTE	7.0	7.0	7.0	7.0	7.0	
Indirect Cost Assessment	<u>1,457,729</u>	<u>1,392,189</u>	<u>1,352,541</u>	<u>1,522,565</u>	<u>1,630,268</u>	
Cash Funds	1,283,850	1,222,324	1,273,641	1,475,396	1,583,099	
Federal Funds	173,879	169,865	78,900	47,169	47,169	
<b>(C) Special Purpose - Subtotal</b>	6,847,609	6,520,903	16,987,832	17,533,946	17,634,414	3.8%
FTE	<u>10.2</u>	<u>10.3</u>	<u>11.3</u>	<u>11.8</u>	<u>11.8</u>	<u>0.5</u>
Cash Funds	5,787,258	5,817,893	15,040,416	15,386,777	15,487,245	3.0%
Reappropriated Funds	0	0	0	0	0	n/a
Federal Funds	1,060,351	703,010	1,947,416	2,147,169	2,147,169	10.3%

**Request vs.  
Appropriation**

**Request vs.**



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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests Appropriation
<b>(6) PARKS AND OUTDOOR RECREATION</b>						
<b>- SUBTOTAL</b>	34,070,886	33,370,897	45,768,413	46,236,669	46,012,145	0.5%
FTE	<u>281.9</u>	<u>276.3</u>	<u>289.5</u>	<u>289.5</u>	<u>289.5</u>	<u>0.0</u>
General Fund	5,614,271	1,475,893	1,630,733	0	0	-100.0%
Cash Funds	27,036,339	30,786,574	41,744,875	43,644,111	43,426,268	4.0%
Reappropriated Funds	0	0	0	0	0	n/a
Federal Funds	1,420,276	1,108,430	2,392,805	2,592,558	2,585,877	8.1%

**(7) COLORADO WATER CONSERVATION BOARD**

Primary Functions: Responsible for water development and planning, as well as floodplain management.  
 The primary cash fund source is the Colorado Water Conservation Board Construction Fund.

**(A) Administration**

Personal Services	2,612,940	2,696,057	2,903,217	2,892,386	2,847,996	NP-4
FTE	<u>28.8</u>	<u>30.3</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	
Cash Funds	2,316,913	2,400,030	2,607,190	2,596,359	2,556,409	
Reappropriated Funds	296,027	296,027	296,027	296,027	291,587	
Operating Expenses	<u>99,743</u>	<u>85,366</u>	<u>95,190</u>	<u>486,007</u>	<u>472,761</u>	DI-5
Cash Funds	99,743	85,366	95,190	486,007	472,761	
Reappropriated Funds	0	0	0	0	0	
Interstate Compacts	<u>342,085</u>	<u>327,989</u>	<u>350,071</u>	<u>0</u>	<u>0</u>	DI-5
Cash Funds	342,085	327,989	350,071	0	0	
Reappropriated Funds	0	0	0	0	0	
Western States Water Council Dues	<u>27,500</u>	<u>27,500</u>	<u>27,500</u>	<u>0</u>	<u>0</u>	DI-5
Cash Funds	27,500	27,500	27,500	0	0	
Reappropriated Funds	0	0	0	0	0	
River Decision Support Systems	532,532	535,327	453,165	453,165	447,881	NP-4
FTE	<u>5.0</u>	<u>5.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	

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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Cash Funds	532,532	535,327	453,165	453,165	447,881	
Reappropriated Funds	0	0	0	0	0	
						<b>Request vs. Appropriation</b>
<b>(A) Administration - Subtotal</b>	3,614,800	3,672,239	3,829,143	3,831,558	3,768,638	-1.6%
FTE	<u>33.8</u>	<u>35.3</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>	<u>0.0</u>
Cash Funds	3,318,773	3,376,212	3,533,116	3,535,531	3,477,051	-1.6%
Reappropriated Funds	296,027	296,027	296,027	296,027	291,587	-1.5%
<b>(B) Special Purpose</b>						
Intrastate Water Management and Development - CF	450,655	207,700	470,464	470,464	470,464	
Federal Emergency Management Assistance	126,344	120,375	144,147	143,826	141,634	NP-4
FTE	<u>2.0</u>	<u>1.8</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds (CWCB)	13,941	0	13,593	13,941	13,732	
Reappropriated Funds (CWCB)	0	0	0	0	0	
Federal Funds	112,403	120,375	130,554	129,885	127,902	
Weather Modification - CF (Fees)	11,035	7,148	25,000	25,000	25,000	
Water Conservation Program	219,008	238,993	283,777	283,777	279,941	NP-4
FTE	<u>2.8</u>	<u>3.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	
Cash Funds (CWCB)	219,008	238,993	283,777	283,777	279,941	
Reappropriated Funds (CWCB)	0	0	0	0	0	
H.B. 05-1254 Water Efficiency Grant Program	523,449	266,153	600,029	600,029	598,788	
FTE	<u>0.0</u>	<u>0.9</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds (CWCB)	523,449	266,153	600,029	600,029	598,788	
Reappropriated Funds (CWCB)	0	0	0	0	0	
Severance Tax Fund - CF	1,226,627	1,249,037	1,275,500	1,275,500	1,275,500	

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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Interbasin Compacts (HB 06-1400) - CF	683,022	651,947	1,145,067	1,145,067	1,141,167	
FTE	3.0	3.6	3.7	3.7	3.7	
Platte River Basin Cooperative Agreement	226,452	167,688	230,899	233,418	231,534	
FTE	<u>1.0</u>	<u>0.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds (CWCB)	226,452	167,688	230,899	233,418	231,534	
Reappropriated Funds (CWCB)	0	0	0	0	0	
S.B. 02-87 Colorado Watershed Protection Fund	<u>86,945</u>	<u>174,429</u>	<u>119,942</u>	<u>119,942</u>	<u>119,942</u>	
Cash Funds	86,945	174,429	119,942	119,942	119,942	
Reappropriated Funds	0	0	0	0	0	
Indirect Cost Assessment	<u>431,770</u>	<u>507,619</u>	<u>510,508</u>	<u>588,749</u>	<u>588,748</u>	
Cash Funds (CWCB)	425,523	472,542	501,706	577,833	577,833	
Reappropriated Funds (CWCB)	0	0	0	0	0	
Federal Funds	6,247	35,077	8,802	10,916	10,915	
Water Construction Fund Bill <sup>1</sup>	<u>5,357,474</u>	<u>6,447,323</u>	<u>12,975,000</u>	0	0	
Cash Funds	5,357,474	6,447,323	12,975,000	0	0	
Reappropriated Funds	0	0	0	0	0	
<b>(B) Special Purpose - Subtotal</b>	9,342,781	10,038,412	17,780,333	4,885,772	4,872,718	-72.6%
FTE	<u>8.8</u>	<u>10.1</u>	<u>11.7</u>	<u>11.7</u>	<u>11.7</u>	<u>0.0</u>
Cash Funds	9,224,131	9,882,960	17,640,977	4,744,971	4,733,901	-73.2%
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	0	n/a
Federal Funds	118,650	155,452	139,356	140,801	138,817	-0.4%

<sup>1</sup> Funding for this area is provided through a special bill: the annual water projects bill (H.B. 10-1250). Since the amount for the FY 2011-12 bill is not known at this time, the Department's request appears to be lower by the amount of the FY 2010-11 appropriation.

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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
<b>(7) COLORADO WATER CONSERVATION BOARD</b>						
<b>- SUBTOTAL</b>	12,957,581	13,710,651	21,609,476	8,717,330	8,641,356	-60.0%
FTE	<u>42.6</u>	<u>45.4</u>	<u>45.7</u>	<u>45.7</u>	<u>45.7</u>	<u>0.0</u>
Cash Funds	12,542,904	13,259,172	21,174,093	8,280,502	8,210,952	-61.2%
Cash Funds Exempt / Reappropriated Funds	296,027	296,027	296,027	296,027	291,587	-1.5%
Federal Funds	118,650	155,452	139,356	140,801	138,817	-0.4%
<b>(8) WATER RESOURCES DIVISION ("State Engineer's Office")</b>						
Primary functions: responsible for administration of the State's water resources.						
Cash funds include the Groundwater Management Cash Fund, Well Inspection Cash Fund and CWCB Construction Fund.						
Personal Services	17,706,890	17,526,319	17,626,117 S	17,404,582	17,484,760	NP-4; BRI-2
FTE	<u>244.6</u>	<u>239.0</u>	<u>243.1</u>	<u>243.1</u>	<u>243.1</u>	
General Fund	17,544,755	17,173,432	17,110,285	16,882,909	16,970,953	
Cash Funds (Mostly Gr. Water Management Fee)	162,135	349,262	515,832	521,673	513,807	
Reappropriated Funds	0	3,625	0	0	0	
Federal Funds	0	0	0	0	0	
Operating Expenses	<u>1,437,146</u>	<u>1,378,515</u>	<u>1,399,974</u>	<u>1,400,915</u>	<u>1,399,974</u>	NP-1
General Fund	932,876	991,041	960,466	961,407	960,466	
Cash Funds	504,270	387,439	439,508	439,508	439,508	
Reappropriated Funds	0	35	0	0	0	
Interstate Compacts - General Fund	76,002	75,993	76,002	76,002	76,002	
Republican River Compact Compliance	273,051	314,254	313,648 S	307,872	309,422	NP-4; BRI-2
FTE	<u>2.2</u>	<u>4.2</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	
General Fund	186,655	314,254	313,648	307,872	309,422	
Cash Funds - Well Enforcement Cash Fund	86,396	0	0	0	0	
Satellite Monitoring System	367,614	393,881	397,195 S	395,347	396,261	NP-4; BRI-2
FTE	<u>2.0</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
General Fund	204,834	211,890	192,306	190,458	191,372	

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	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Cash Funds - Satellite Monitoring System CF and CWCB	162,780	181,991	204,889	204,889	204,889	
Augmentation of Water for Sand and Gravel Extraction - CF	17,184	25,835	44,400	44,400	44,400	
Dam Emergency Repair - H.B. 92-1131 - Cash Funds	0	0	50,000	50,000	50,000	
Federal Grant - FF (FEMA and USGS)	69,345	130,268	133,422	126,042	126,042	
River Decision Support Systems	345,811	381,382	205,391	205,390	203,106	NP-4
FTE	<u>3.0</u>	<u>3.6</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds	345,811	381,382	205,391	205,390	203,106	
Reappropriated Funds	0	0	0	0	0	
H.B. 03-1334 Temporary Interruptible Water Supply Agreements - CF	0	0	61,589	61,589	61,589	
S.B. 04-225 Well Enforcement - CF	0	0	1,489	1,489	1,489	
Indirect Cost Assessment	<u>59,540</u>	<u>45,847</u>	<u>33,908</u>	<u>47,027</u>	<u>47,028</u>	
Cash Funds	56,062	40,849	32,270	43,946	43,947	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	3,478	4,998	1,638	3,081	3,081	
Expenditure of Water Project Bill Funds	<u>267,088</u>	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	
Cash Funds (CWCB)	267,088	0	250,000	0	0	
Reappropriated Funds (CWCB)	0	0	0	0	0	
						<b>Request vs. Appropriation</b>
<b>(8) WATER RESOURCES DIVISION - SUBTOTAL</b>	20,619,671	20,272,294	20,593,135	20,120,655	20,200,073	-1.9%
FTE	<u>251.8</u>	<u>248.7</u>	<u>252.1</u>	<u>252.1</u>	<u>252.1</u>	<u>0.0</u>
General Fund	18,945,122	18,766,610	18,652,707	18,418,648	18,508,215	-0.8%
Cash Funds	1,601,726	1,366,758	1,805,368	1,572,884	1,562,735	-13.4%
Reappropriated Funds	0	3,660	0	0	0	n/a

FY 2011-12  
 Joint Budget Committee Budget Figure Setting  
 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Federal Funds	72,823	135,266	135,060	129,123	129,123	-4.4%
<b>(9) DIVISION OF WILDLIFE</b>						
Primary Function: Supports protection and management wildlife and related habitats; coordinates management of hunting, fishing, and watchable recreation programs; and provides education on wildlife and wildlife recreation.						
<b>(A) Division Operations</b>						
(1) Director's Office	1,811,065	1,597,443	2,028,560	2,031,066	2,011,518	NP-4
FTE	<u>13.1</u>	<u>12.9</u>	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	
Cash Funds	1,656,905	1,337,039	1,911,616	1,915,897	1,897,496	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	154,160	260,404	116,944	115,169	114,022	
(2) Wildlife Management	65,366,675	64,005,276	65,832,921	64,258,695	63,677,184	NP-4; BRI-1
FTE	<u>581.1</u>	<u>567.8</u>	<u>551.4</u>	<u>551.4</u>	<u>551.4</u>	
Cash Funds	53,734,282	49,938,494	55,680,686	54,184,072	53,688,914	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	11,632,393	14,066,782	10,152,235	10,074,623	9,988,270	
(3) Technical Services	6,272,375	5,639,889	6,497,912	6,516,774	6,463,423	NP-4
FTE	<u>57.7</u>	<u>53.5</u>	<u>60.0</u>	<u>60.0</u>	<u>60.0</u>	
Cash Funds	6,255,696	5,636,641	6,494,991	6,508,573	6,455,347	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	16,679	3,248	2,921	8,201	8,076	
(4) Information Technology	2,514,929	1,992,909	1,580,395	1,583,685	1,580,395	NP-1
FTE	<u>16.6</u>	<u>14.6</u>	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>	
Cash Funds	2,514,929	1,992,909	1,580,395	1,583,685	1,580,395	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	0	0	0	0	0	
						<b>Request vs. Appropriation</b>

FY 2011-12  
 Joint Budget Committee Budget Figure Setting  
 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
<b>(A) Division Operations - Subtotal</b>	75,965,044	73,235,517	75,939,788	74,390,220	73,732,520	-2.9%
FTE	<u>668.5</u>	<u>648.8</u>	<u>631.4</u>	<u>631.4</u>	<u>629.4</u>	<u>(2.0)</u>
Cash Funds	64,161,812	58,905,083	65,667,688	64,192,227	63,622,152	-3.1%
Reappropriated Funds	0	0	0	0	0	n/a
Federal Funds	11,803,232	14,330,434	10,272,100	10,197,993	10,110,368	-1.6%
<b>(B) Special Purpose</b>						
Wildlife Commission Discretionary Fund	<u>159,626</u>	<u>0</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	
Cash Funds	159,626	0	160,000	160,000	160,000	
Reappropriated Funds	0	0	0	0	0	
Game Damage Claims and Prevention	<u>1,184,914</u>	<u>1,186,480</u>	<u>1,282,500</u>	<u>1,282,500</u>	<u>1,282,500</u>	
Cash Funds	1,184,914	1,186,480	1,282,500	1,282,500	1,282,500	
Reappropriated Funds	0	0	0	0	0	
Instream Flow Program	<u>296,027</u>	<u>296,027</u>	<u>296,027</u>	<u>296,027</u>	<u>296,027</u>	
Cash Funds	296,027	296,027	296,027	296,027	296,027	
Reappropriated Funds	0	0	0	0	0	
Habitat Partnership Program	<u>2,146,531</u>	<u>2,236,253</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	
Cash Funds	2,146,531	2,236,253	2,500,000	2,500,000	2,500,000	
Reappropriated Funds	0	0	0	0	0	
S.B. 08-226 Aquatic Nuisance Species - CF	1,364,172	1,872,538	1,304,544	1,304,544	1,304,544	
Grants and Habitat Partnerships - CF	NA	0	1,625,000	1,625,000	1,625,000	
Asset Maintenance and Repairs - CF	NA	0	606,880	606,880	606,880	
Indirect Cost Assessment - Total Funds	<u>2,982,528</u>	<u>3,230,271</u>	<u>3,507,100</u>	<u>3,597,623</u>	<u>3,597,623</u>	
Cash Funds	2,982,528	3,230,271	2,964,227	2,920,308	2,920,308	
Reappropriated Funds	0	0	0	0	0	

FY 2011-12  
 Joint Budget Committee Budget Figure Setting  
 Department of Natural Resources  
 (EDO, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources Division, Division of Wildlife)

	FY 2008-09 Actual	FY2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Federal Funds	0	0	542,873	677,315	677,315	
<b>(B) Special Purpose - Subtotal</b>	<u>8,133,798</u>	<u>8,821,569</u>	<u>11,282,051</u>	<u>11,372,574</u>	<u>11,372,574</u>	<b>Request vs. Appropriation</b> <u>0.8%</u>
Cash Funds	8,133,798	8,821,569	10,739,178	10,695,259	10,695,259	-0.4%
Reappropriated Funds	0	0	0	0	0	n/a
Federal Funds	0	0	542,873	677,315	677,315	24.8%
						<b>Request vs. Appropriation</b>
<b>(9) DIVISION OF WILDLIFE - SUBTOTAL</b>	<u>84,098,842</u>	<u>82,057,086</u>	<u>87,221,839</u>	<u>85,762,794</u>	<u>85,105,094</u>	<b>Request vs. Appropriation</b> -2.4%
FTE	<u>668.5</u>	<u>648.8</u>	<u>631.4</u>	<u>631.4</u>	<u>629.4</u>	<u>(2.0)</u>
Cash Funds	72,295,610	67,726,652	76,406,866	74,887,486	74,317,411	-2.7%
Reappropriated Funds	0	0	0	0	0	n/a
Federal Funds	11,803,232	14,330,434	10,814,973	10,875,308	10,787,683	-0.3%
						<b>Request vs. Appropriation</b>
<b>DEPARTMENT OF NATURAL RESOURCES (EDO, Parks, CWCB, WRD, and DOW)</b>						
TOTAL FUNDS	186,996,185	184,659,730	220,359,374	200,026,131	179,976,474	-18.3%
FTE	<u>1,299.4</u>	<u>1,275.4</u>	<u>1,262.5</u>	<u>1,262.5</u>	<u>1,260.5</u>	<u>(2.0)</u>
General Fund	30,552,851	25,533,680	26,201,062	23,535,829	21,362,688	-18.5%
Cash Funds	135,446,954	135,585,594	171,959,577	152,968,154	138,270,092	-19.6%
Reappropriated Funds	6,352,840	6,528,368	6,887,765	7,345,033	4,787,910	-30.5%
Federal Funds	14,643,540	17,012,088	15,310,970	16,177,115	15,555,784	1.6%



**DEPARTMENT OF NATURAL RESOURCES  
FIGURE SETTING FY 2011-12**

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

**(1) EXECUTIVE DIRECTOR'S OFFICE**

**(A) Administration**

Authority for the Department of Natural Resources and the Executive Director of the Department is set in Section 24-33-101, C.R.S. The Executive Director's Office is responsible for the overall administration of the Department. It provides leadership and support to the Department in meeting its strategic objectives. It provides leadership and functional support for general administrative duties to the divisions of the Department. Sub-programs include:

**Administration and Policy Development** - Overall administration of the Department, the administration of the office and the function of policy development and program implementation related to various boards, commissions and divisions of the Department. Supports the Executive Director and divisions in their dealings with local, county, and state agencies, the Governor's Office, the General Assembly, federal land management agencies and Congress. Also, administers pass-through funding received by the Department for use by other divisions.

**Human Resources** - Responsible for the maintenance of records pertaining to all aspects of personnel management; ensures compliance with applicable laws and regulations governing the Department's workforce; oversees risk management activities including liability, property loss and safety issues; and assists with employee training.

**Accounting and Purchasing** - Directs and manages the centralized bookkeeping and procurement operations for the Department, which includes an operating budget of \$246.0 million, a capital construction budget of \$25.0 million, and revenues exceeding \$300.0 million.

**Budget** - Formulates and executes the Department's annual budget process. As part of this process, the Budget section takes the lead in developing the Department's Strategic Plan, provides input on legislation, including the development of fiscal notes, analyzing a variety of revenue and expenditure proposals and legislative initiatives proposed by, or affecting, the Department. The unit also responds to requests for financial information and analysis. The unit supports the divisions on a variety of revenue, expenditure, and financial analysis issues that face the Department. The budget unit is also responsible for providing budget execution and coordination for the programs in the Executive Director's Office. Finally, this section administers central appropriations and allocations for the divisions.

**Information Technology** - Prior to FY 2010-11 (S.B. 08-155 consolidated the responsibility for information technology (IT) oversight of most of the state's executive branch agencies in the

Governor's Office of Information Technology (OIT); in FY 2010-11, funding and FTE were physically moved to OIT), this section was responsible for the establishment, update, and enforcement of IT strategies, plans, policies, standards, and procedures as provided by guidance received from the Governor's Office, the Executive Director, and the DNR IT Executive Board.

**Pending Line Items.** The Executive Director's Office has line items that provide services to the entire Department, including services that the Department of Natural Resources purchases from the Department of Personnel and Administration, the Governor's Office of Information Technology (OIT) and the Department of Law. The appropriation for many of these line items is determined through common policies approved by the JBC. **Because the JBC has not completed figure setting for all common policies, the following line items will be reflected as "Pending" in this figure setting packet: (1) Shift Differential, (2) Workers' Compensation, (3) Legal Services, (4) Purchase of Services from Computer Center, (5) Multiuse Network Payments, (6) Management and Administration of OIT, (7) Payments to Risk Management and Property Funds, (8) Vehicle Lease Payments, (9) Capitol Complex Leased Space, and (10) Communication Services Payments.**

Staff will make a recommendation to the JBC for the number of hours for legal services. The appropriation for "Legal Services" will be calculated using the number of approved legal services hours with the blended rate approved by the JBC for the Department of Law's Legal Services to State Agencies (LSSA).

The table below shows the staff recommendation for the Executive Director's Office for FY 2011-12. Staff notes that the recommendation includes several pending items that the Committee has not taken action on yet. Staff will adjust these items depending on Committee action:

Category	GF	CF	RF	FF	Total	FTE
<b>(1) Executive Director's Office Current Appropriation</b>	<b>\$5,944,984</b>	<b>\$30,849,587</b>	<b>\$6,591,738</b>	<b>\$1,828,354</b>	<b>\$45,214,663</b>	<b>43.8</b>
Common Policy Adjustments	120,722	408,009	158,830	562,428	1,249,989	0.0
Pending Common Policies	(89,042)	731,030	303,684	19,571	965,243	0.0
Annualize FY 2010-11 Vehicle Lease Adjustments	(5,837)	99,558	0	(422)	93,299	0.0
Restore S.B. 10-146: 2.5 % PERA	0	0	70,972	0	70,972	0.0
Annualize FY 2010-11 Leased Space	19,884	21,441	0	558	41,883	0.0
Annualize FY 2010-11 1.0 % General Fund Personal Services Cut	37,451	0	0	0	37,451	0.0

Category	GF	CF	RF	FF	Total	FTE
Annualize H.B. 10-1398 (Species Conservation Trust Fund)	0	(8,000,000)	0	0	(8,000,000)	0.0
1.5 % Across the Board Personal Services Reduction	(57,241)	0	0	0	(57,241)	0.0
FY 2010-11 Supplemental (S.B. 11-147)	<u>(27,362)</u>	<u>(21,212)</u>	<u>0</u>	<u>422</u>	<u>(48,152)</u>	<u>0.0</u>
<b>Executive Director's Office Base Recommendation</b>	5,943,559	24,088,413	7,125,224	2,410,911	39,568,107	43.8
DI-6 FY 2011-12 Leased Space Adjustments	0	11,924	0	849	12,773	0.0
NP-1 Print Statewide Warrants and Mainframe Documents (Pending)	0	0	0	0	0	0.0
BRI-1 Eliminate General Fund to State Parks	(854,277)	854,277	0	0	0	0.0
Pending Line Items	(2,237,920)	(13,736,265)	(2,562,020)	(481,776)	(19,017,981)	0.0
NP-3 Statewide Vehicle Replacements	3,111	(462,371)	0	(3,464)	(462,724)	0.0
Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	0	0	(66,881)	0	(66,881)	0.0
BRI-4 IT Asset Maintenance Coal Adjustment	<u>0</u>	<u>(3,252)</u>	<u>0</u>	<u>(12,236)</u>	<u>(15,488)</u>	<u>0.0</u>
<b>(1) Executive Director's Office Total Recommendation</b>	<b>\$2,854,473</b>	<b>\$10,752,726</b>	<b>\$4,496,323</b>	<b>\$1,914,284</b>	<b>\$20,017,806</b>	<b>43.8</b>
<b>Change</b>	<b>(\$3,090,511)</b>	<b>(\$20,096,861)</b>	<b>(\$2,095,415)</b>	<b>\$85,930</b>	<b>(\$25,196,857)</b>	<b>0.0</b>
<b>Percent Change</b>	<b>-52.0%</b>	<b>-65.1%</b>	<b>-31.8%</b>	<b>4.7%</b>	<b>-55.7%</b>	<b>0.0%</b>

**Indirect Cost Plan Funding.** An indirect cost plan submitted by the Department on November 1, 2010 is shown in the tables below:

Actual Personal Services Expenditures FY 2009-10 (From Department FY 2011-12 Indirect Cost Plan)					
Division	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total
EDO	77,916	1,553,807	5,023,944	0	6,655,667
Division of Reclamation, Mining, and Safety	0	2,883,563	0	3,943,201	6,826,764
Geological Survey	0	2,089,338	497,039	300,280	2,886,657

<b>Actual Personal Services Expenditures FY 2009-10 (From Department FY 2011-12 Indirect Cost Plan)</b>					
<b>Division</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>Total</b>
Oil and Gas Conservation Commission	0	7,519,669	0	88,385	7,608,054
State Board of Land Commissioners	0	3,124,783	0	0	3,124,783
Parks and Outdoor Recreation	1,775,223	24,318,281	0	597,835	26,691,339
Colorado Water Conservation Board	0	7,860,657	0	1,843,419	9,704,076
Water Resources Division	19,796,640	724,355	0	50,778	20,571,773
Division of Wildlife	0	48,134,114	0	11,163,881	59,297,995
<b>Total</b>	<b>21,649,779</b>	<b>98,208,567</b>	<b>5,520,983</b>	<b>17,987,779</b>	<b>143,367,108</b>
<b>Total (w/o EDO)</b>	<b>21,571,863</b>	<b>96,654,760</b>	<b>497,039</b>	<b>17,987,779</b>	<b>136,711,441</b>
<b>Percent share (w/o EDO)</b>	<b>15.8%</b>	<b>70.7%</b>	<b>0.4%</b>	<b>13.2%</b>	

\* Numbers may not add due to rounding.

Department of Natural Resources Indirect Cost Pool for FY 2011-12 Request (Based on FY 2009-10 actual expenditures)

<b>Indirect Cost Pool (Department Request)</b>	<b>Amount</b>
<b>Statewide Indirect Cost Pool (excluding General Fund Share)</b>	<b>1,649,801</b>
<b>Department Indirect Cost Pool</b>	
EDO Personal Services	5,583,102
EDO Operating Expenses	150,532
Workers' Compensation	25,284
Purchase of Services from Computer Center	159,715
Management and Administration of OIT	8,538
IT Asset Maintenance	90,538
Multiuse Network Payments	59,340
Capitol Complex Leased Space	170,071
Payment to Risk Management and Property Funds	20,325
Legal Services	34,331

<b>Indirect Cost Pool (Department Request)</b>	<b>Amount</b>
Audit Charges	181,182
Equipment Use	<u>161,557</u>
<b><i>Total Department Indirect Cost Pool</i></b>	<b><u>6,644,515</u></b>
<b>Total Indirect Cost Pool (Statewide and Department)</b>	<b>8,294,316</b>
No Indirect Costs Collected for General Fund Personal Services	<u>(1,313,375)</u>
<b>Total Recoverable Indirect Costs</b>	<b>6,980,941</b>

\* Numbers may not add due to rounding.

The State Controller has calculated the Department of Natural Resources' total *statewide* indirect cost number for FY 2011-12 to be \$1,649,801 (including General Fund). The *statewide* indirect cost number excluding General Fund is \$1,316,390. Starting with the FY 2010-11 figure setting, staff recommended that the Department use the statewide indirect cost amount that includes General Fund in calculating the total recoverable indirect costs. The reasoning for this recommendation is based on the fact that the Department excludes General Fund line items when calculating recoverable indirect costs. So, in staff's analysis, starting with a lower indirect cost pool and excluding General Fund personal services reduces the total recoverable indirect cost amount. Based on this analysis, staff recommends including the statewide indirect cost amount that includes General Fund, or \$1,649,801, in the indirect cost pool.

The \$1,313,375 amount for which indirect cost recoveries are not collected is approximately 15.8 percent of the indirect cost pool based on FY 2009-10 actual personal services expenditures.

The table below shows the Department's indirect cost recoveries by division and fund source and the associated indirect cost allocation in the Executive Director's Office.

<b>November 1, 2010 Department of Natural Resources Indirect Cost Analysis and Funding Request</b>			
<b><u>Indirect Cost Allocation</u></b>	<b>Departmental</b>	<b>Statewide</b>	<b>Total</b>
EDO - Personal Services	2,089,923	1,649,801	3,739,724
EDO - Other Expenses*	<u>3,241,217</u>	<u>0</u>	<u>3,241,217</u>
Total Indirect Cost Allocation	5,331,140	1,649,801	6,980,941
<b><u>Indirect Cost Recoveries</u></b>	<b>From DNR Cash Plan</b>	<b>From Federal Recovery Plan</b>	<b>Total Recovery</b>
Division of Reclamation, Mining, and Safety	179,489	239,221	418,710
Geological Survey	110,548	42,241	152,789
Oil and Gas Conservation Commission	456,220	7,677	463,897

<b>November 1, 2010 Department of Natural Resources Indirect Cost Analysis and Funding Request</b>			
State Board of Land Commissioners	189,581	0	189,581
Parks and Outdoor Recreation	1,475,396	47,169	1,522,565
Colorado Water Conservation Board	577,833	10,915	588,748
Water Resources Division	43,947	3,081	47,028
Division of Wildlife	<u>2,920,308</u>	<u>677,315</u>	<u>3,597,623</u>
Total Indirect Cost Recovery	5,953,322	1,027,619	6,980,941
<b>Total Indirect Cost Recovery Surplus/(Deficit for General Fund to Cover)</b>			<b>0</b>

\* "Other Expenses" include funding for operating expenses; health, live, and dental; short-term disability; AED; SAED; workers' compensation; payment to risk management and property funds; capitol complex leased space; legal services; purchase of services from computer center; multiuse network payments; IT asset maintenance; management and administration of OIT. Staff notes that due to the fact that many of these lines are pending, the total indirect cost recovery surplus/(deficit) may change.

**Staff recommendation on FY 2011-12 Indirect Cost Plan.** For FY 2011-12, the Department has submitted a request to refinance all of the remaining General Fund in Parks and Outdoor Recreation with cash funds. Based on this request, staff believes that the Department can proactively recover additional costs from indirect cost recoveries assuming that the refinance request is approved.

The analysis below shows staff's calculation of an alternative indirect cost recovery plan accounting for a total refinance of General Fund in Parks and Outdoor Recreation. This methodology saves an additional \$107,703 General Fund in the EDO. **Staff recommends the Committee approve a FY 2011-12 recoverable indirect cost amount for the Department of Natural Resources totaling \$7,088,644. This alternative indirect cost methodology is based on the caveat that the refinance of the remaining Parks and Outdoor Recreation General Fund is approved, if the refinance does not occur, staff recommends the Committee allow staff to use the Department's recoverable indirect cost amount of \$6,980,941.**

As noted above, upon Committee action on ten pending line items, the indirect cost allocations, and the final funding splits for the affected line items may change. Staff requests that the Committee allow staff to work with JBC common policy analysts and the Department to come up with final funding splits for the pending line items.

<b>Indirect Cost Pool (Staff Recommendation)</b>	<b>Amount</b>
<i>Statewide Indirect Cost Pool (excluding General Fund Share)</i>	<i>1,649,801</i>
<i>Department Indirect Cost Pool</i>	
EDO Personal Services	5,583,102
EDO Operating Expenses	150,532

<b>Indirect Cost Pool (Staff Recommendation)</b>	<b>Amount</b>
Workers' Compensation	25,284
Purchase of Services from Computer Center	159,715
Management and Administration of OIT	8,538
IT Asset Maintenance	90,538
Multiuse Network Payments	59,340
Capitol Complex Leased Space	170,071
Payment to Risk Management and Property Funds	20,325
Legal Services	34,331
Audit Charges	181,182
Equipment Use	<u>161,557</u>
<b><i>Total Department Indirect Cost Pool</i></b>	<b><u>6,644,515</u></b>
<b>Total Indirect Cost Pool (Statewide and Department)</b>	<b>8,294,316</b>
No Indirect Costs Collected for General Fund Personal Services	<u>(1,205,672)</u>
<b>Total Recoverable Indirect Costs</b>	<b>7,088,644</b>

\* Numbers may not add due to rounding.

<b>Department of Natural Resources Indirect Cost Analysis and Funding Recommendation</b>			
<b><u>Indirect Cost Allocation</u></b>	<b>Departmental</b>	<b>Statewide</b>	<b>Total</b>
EDO - Personal Services	2,042,122	1,649,801	3,691,923
EDO - Other Expenses*	<u>3,396,721</u>	<u>0</u>	<u>3,396,721</u>
Total Indirect Cost Allocation	5,438,843	1,649,801	7,088,644
<b><u>Indirect Cost Recoveries</u></b>	<b>From DNR Cash Plan</b>	<b>From Federal Recovery Plan</b>	<b>Total Recovery</b>
Division of Reclamation, Mining, and Safety	179,489	239,221	418,710
Geological Survey	110,548	42,241	152,789
Oil and Gas Conservation Commission	456,220	7,677	463,897
State Board of Land Commissioners	189,581	0	189,581
Parks and Outdoor Recreation	1,583,099	47,169	1,630,268
Colorado Water Conservation Board	577,833	10,915	588,748
Water Resources Division	43,947	3,081	47,028

Department of Natural Resources Indirect Cost Analysis and Funding Recommendation			
Division of Wildlife	<u>2,920,308</u>	<u>677,315</u>	<u>3,597,623</u>
Total Indirect Cost Recovery	6,061,025	1,027,619	7,088,644
<b>Total Indirect Cost Recovery Surplus/(Deficit for General Fund to Cover)</b>			<b>0</b>

\* "Other Expenses" include funding for operating expenses; health, live, and dental; short-term disability; AED; SAED; workers' compensation; payment to risk management and property funds; capitol complex leased space; legal services; purchase of services from computer center; multiuse network payments; IT asset maintenance; management and administration of OIT. Staff notes that due to the fact that many of these lines are pending, the total indirect cost recovery surplus/(deficit) may change.

## Personal Services

Executive Directors Office Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management and Administration	13.9	14.8	14.8	14.8
Accounting	17.5	19.0	19.0	19.0
Human Resources	10.0	10.0	10.0	10.0
Information Technology	<u>14.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total</b>	<b>56.2</b>	<b>43.8</b>	<b>43.8</b>	<b>43.8</b>

The Department request for personal services for the Executive Director's Office is for \$3,672,843 reappropriated funds (from indirect cost recoveries) and 43.8 FTE.

Staff recommendation for the EDO Personal Services line item is based on Committee common policy including the following adjustments:

- 1). FY 2010-11 appropriation as a starting base;
- 2). FY 2010-11 supplemental appropriations;
- 3). Restore S.B. 10-146 for the 2.5 percent one-year PERA contribution swap between employer and employee;
- 4). Restore S.B. 10-146 to account for the OIT consolidation adjustment;
- 5). Restore a FY 2010-11 supplemental 1.0 percent General Fund personal services reduction;
- 6). Pursuant to Committee common policy, applies a 1.5 percent personal services base reduction;
- 7). Senate Bill 11-76 extends a temporary reduction in the state's contribution to the Public Employees' Retirement Association (PERA) by 2.5 percent through FY 2011-12.

**Staff recommendation for the Personal Services line item in the EDO is for \$3,691,923 reappropriated funds (indirect cost recoveries) and 43.8 FTE.** The table below shows the staff calculation. The difference of \$19,080 in the staff recommendation versus department request can



be explained by the difference between the request for a 2.0 percent personal services reduction versus the recommendation for a 1.5 percent personal services reduction.

<b>Summary of Recommendation – Executive Director's Office Personal Services — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>Total</b>	<b>FTE</b>
1. FY 2010-11 Appropriation	0	0	3,745,073	3,745,073	43.8
2. FY 2010-11 Supplemental (S.B. 11-147)	0	0	(37,451)	(37,451)	0.0
3. Restore S.B. 10-146: 2.5 % PERA	0	0	103,143	103,143	0.0
4. Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	0	0	(32,171)	(32,171)	0.0
5. Restore FY 11 Supplemental 1.0 % GF Personal Services Cut	0	0	37,451	37,451	0.0
6. JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>0</u>	<u>0</u>	<u>(57,241)</u>	<u>(57,241)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>0</b>	<b>0</b>	<b>3,758,804</b>	<b>3,758,804</b>	<b>43.8</b>
7. Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>0</u>	<u>0</u>	<u>(66,881)</u>	<u>(66,881)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>0</b>	<b>0</b>	<b>3,691,923</b>	<b>3,691,923</b>	<b>43.8</b>

### **Health, Life, and Dental**

The table below shows the current request submitted by the Department.

<b>Summary of Request – Executive Director's Office Health, Life, and Dental — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
1. FY 2010-11 Appropriation	1,799,806	5,554,144	246,475	1,007,162	8,607,587
2. FY 2010-11 Supplemental (S.B. 11-147)	(37,451)	0	37,451	0	0
3. Common Policy Adjustments	73,114	(89,133)	70,547	359,216	413,744
4. Restore FY 2010-11 1.0 % Personal Services Cut	37,451	0	(37,451)	0	0
5. NP-2 Pro-Rated Benefits	(4,398)	(2,470)	0	(11,703)	(18,571)
6. BRI-1 Eliminate General Fund in State Parks	(284,659)	284,659	0	0	0
7. BRI-2 Reduce General Fund Personal Services by 2.0 %	<u>(76,321)</u>	<u>0</u>	<u>76,321</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>1,507,542</b>	<b>5,747,200</b>	<b>393,343</b>	<b>1,354,675</b>	<b>9,002,760</b>

- **Base Reduction Item - 1. Eliminate General Fund Support for State Parks.** The Department requests the elimination of General Fund appropriations to State Parks for FY 2011-12 and beyond totaling \$2.7 million. Staff will discuss this base reduction item later in this packet during the discussion of the budget for State Parks. **Staff recommends this department request.**

The table below shows the current staff recommendation. The staff recommendation is different from the department request and from the Committee common policy for this line from January 24, 2011. The common policy amount totaled \$9,021,332 (including \$1,588,261 General Fund).

The differences between the request and recommendation are explained below:

3. The department had made an error in calculating its original request and had missed to include \$28,437 cash funds associated with the Colorado Water Conservation Board;
5. Non-prioritized item #2 submitted by the Department of Personnel to pro-rate health, life, and dental benefits based on whether an employee is full-time or part-time will be decided through a special bill. At the point of preparation of this packet, staff was instructed not to include this item in the figure setting calculation;
7. At the time of preparation of this packet, the Committee implemented a common policy to reduce all personal services line items and all fund sources within the lines by 1.5 percent. The reason for reflecting this change in the Health, Life, and Dental line is in order to capture General Fund savings from the EDO, Personal Services line item reduction.

<b>Summary of Recommendation – Executive Director's Office Health, Life, and Dental — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
1. FY 2010-11 Appropriation	1,799,806	5,554,144	246,475	1,007,162	8,607,587
2. FY 2010-11 Supplemental (S.B. 11-147)	(37,451)	0	37,451	0	0
3. Common Policy Adjustments	73,114	(60,696)	70,547	359,216	442,181
4. Restore FY 2010-11 1.0 % General Fund Personal Services Cut	37,451	0	(37,451)	0	0
5. NP-2 Pro-Rated Benefits	0	0	0	0	0
6. BRI-1 Eliminate General Fund in State Parks	(284,659)	284,659	0	0	0
7. JBC Common Policy to Reduce General <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	(57,241)	0	57,241	0	0
<b>Total Recommendation</b>	<b>1,531,020</b>	<b>5,778,107</b>	<b>374,263</b>	<b>1,366,378</b>	<b>9,049,768</b>

### **Short-term Disability**

The table below shows the current request submitted by the Department.

<b>Summary of Request– Executive Director's Office Short-term Disability — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
1. FY 2010-11 Appropriation	25,925	89,956	3,915	11,218	131,014
2. Common Policy Adjustments	6,035	10,000	1,345	8,075	25,455
3. BRI-1 Eliminate General Fund in State Parks	(4,756)	4,756	0	0	0
<b>Total Request</b>	<b>27,204</b>	<b>104,712</b>	<b>5,260</b>	<b>19,293</b>	<b>156,469</b>

The Committee approved a common policy for Short-term Disability based on a rate of 0.177 percent and FY 2009-10 Department base salaries for full and part-time employees and any applicable FY 10 shift differential actual. Staff notes that due to the fact that the common policy instructions are to use FY 2009-10 actual full and part-time employee salaries, staff had to manually adjust two items: (1) related to a FY 2010-11 move of OIT personnel from individual departments to the Office of Information Technology in the Governor's Office. The table below shows that staff has taken out \$3.6 million to account for the OIT adjustment; (2) the other is related to a Department request to refinance the remaining General Fund in State Parks with cash funds. Staff recommends this department request and will discuss in the State Parks portion of this packet. Based on the request, staff has re-financed all General Fund in State Parks with cash funds for the purpose of calculating short-term disability, amortization equalization disbursement, and supplemental amortization equalization disbursement line items.

FY 2009-10 Total Actual Full and Part-time Employee Salaries for the Department of Natural Resources from Schedule 14 (with JBC Staff Adjustments)			
	FY 2009-10 Salaries from Schedule 14	OIT Staff Adjustment	New FY 2009-10 Salaries with OIT Staff Adjustment
Total Funds	<u>87,987,583</u>	<u>(3,562,448)</u>	<u>84,425,135</u>
General Fund	15,247,867	(591,208)	14,656,659
Cash Funds*	58,568,060	(1,795,524)	56,772,536
Reappropriated Funds	4,224,529	(1,077,228)	3,147,301
Federal Funds	9,947,127	(98,488)	9,848,639

\* The FY 2009-10 Salaries from Schedule 14 amount includes \$25,740 cash funds for shift differential expenditures in State Parks.

Based on the Committee common policy, staff calculation for short-term disability is for \$149,432 total funds including \$25,942 General Fund, \$100,487 cash funds, \$5,571 reappropriated funds, and \$17,432 federal funds.

#### **S.B. 04-257 Amortization Equalization Distribution**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office S.B. 04-257 Amortization Equalization Distribution — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	395,845	1,392,875	60,612	173,701	2,023,033
2. Common Policy Adjustments	109,742	188,354	22,598	131,506	452,200

Summary of Request– Executive Director's Office					
S.B. 04-257 Amortization Equalization Distribution — Department of Natural Resources					
	GF	CF	RF	FF	Total
3. BRI-1 Eliminate General Fund in State Parks	(75,234)	75,234	0	0	0
<b>Total Request</b>	<b>430,353</b>	<b>1,656,463</b>	<b>83,210</b>	<b>305,207</b>	<b>2,475,233</b>

The Committee approved a common policy for AED based on a rate of 2.6 percent for calendar year 2011 and 3.0 percent for calendar year 2012, except that General Fund line items are to be calculated based on a split of seven and five months respectively, due to the pay date shift predicament. The common policy further specifies that the AED amount is to be calculate on base salaries for full and part-time employees and any shift differential as applicable based on FY 2009-10 actual data.

**Based on the above described policy, staff calculation is for \$2,359,018 total funds including \$405,501 General Fund, \$1,589,631 cash funds, \$88,124 reappropriated funds, and \$275,762 federal funds.**

### **S.B. 06-235 Supplemental Amortization Equalization Distribution**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office					
S.B. 06-235 Supplemental Amortization Equalization Distribution — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	285,733	1,015,638	44,196	126,657	1,472,224
2. Common Policy Adjustments	120,543	254,992	22,669	118,599	516,803
3. BRI-1 Eliminate General Fund in State Parks	(60,456)	60,456	0	0	0
<b>Total Request</b>	<b>345,820</b>	<b>1,331,086</b>	<b>66,865</b>	<b>245,256</b>	<b>1,989,027</b>

The Committee approved a common policy for SAED based on a rate of 2.0 percent for calendar year 2011 and 2.5 percent for calendar year 2012, except that General Fund line items are to be calculated based on a split of seven and five months respectively, due to the pay date shift predicament. The common policy further specifies that the SAED amount is to be calculate on base salaries for full and part-time employees and any shift differential as applicable based on FY 2009-10 actual data.

**Based on the above described policy, staff calculation is for \$1,893,458 total funds including \$323,668 General Fund, \$1,277,382 cash funds, \$70,814 reappropriated funds, and \$221,594 federal funds.**

### **Salary Survey and Senior Executive Service**

**Staff recommends no funding for salary survey for FY 2011-12 pursuant to Committee common policy.**

### **Performance-based Pay Awards**

Staff recommends no funding for performance-based pay for FY 2011-12 pursuant to Committee common policy.

**Shift Differential**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office Shift Differential — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	4,650	20,124	0	0	24,774
2. Common Policy Adjustments	(181)	(950)	0	0	(1,131)
3. BRI-1 Eliminate General Fund in State Parks	<u>(4,469)</u>	<u>4,469</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>0</b>	<b>23,643</b>	<b>0</b>	<b>0</b>	<b>23,643</b>

As of the time of preparation of this document, the Committee had not taken action on shift differential. In prior years, the Committee had a common policy for shift differential based on funding at 80.0 percent of prior year actual expenditures.

For FY 2009-10, the Schedule 14 shows that State Parks had shift differential expenditures totaling \$25,740. These expenditures were for non-exempt park rangers working at state parks during the night.

For illustration purposes only, if the Committee were to fund shift at 80.0 percent of FY 2009-10 expenditures, that would amount to \$20,592. Adding PERA and Medicare (at 7.65 percent and 1.45 percent respectively) would total \$22,466.

Staff recommendation for this line item is pending action of the Committee to set a common policy.

**Workers' Compensation**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office Workers' Compensation — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	301,919	1,367,147	24,913	28,344	1,722,323
2. Common Policy Adjustments	7,549	(39,951)	4,600	8,881	(18,921)
3. BRI-1 Eliminate General Fund in State Parks	<u>(67,567)</u>	<u>67,567</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>241,901</b>	<b>1,394,763</b>	<b>29,513</b>	<b>37,225</b>	<b>1,703,402</b>

Staff recommendation is pending the approval of a common policy by the Committee related to Workers' Compensation.

**Operating Expenses**

The table below shows the Department request for EDO, Operating Expenses. Staff notes that for FY 2009-10, the EDO spent approximately \$1.1 million for operating expenses. Of these amounts, EDO-related expenses are estimated to be \$238,000 and \$873,000 are estimated to be related to Division of Wildlife capital outlay related expenditures.

For FY 2011-12, the Department requests an increase of \$163 reappropriated funds (indirect cost recoveries) related to a non-prioritized decision item submitted by the Department of Personnel. The Committee has not taken action on this item for FY 2011-12, so staff recommendation on the Printing of Statewide Warrants and Mainframe Documents.

**Staff does not recommend the Department request, N-1 Printing of Statewide Warrants is pending figure setting for Department of Personnel operating common policies. Until that decision is made, staff recommends continuation funding totaling \$1,241,078 (\$1,060,651 cash funds, \$175,090 indirect costs, and \$5,337 federal funds).**

Summary of Request – Executive Director's Office Operating Expenses — Department of Natural Resources				
	CF	RF	FF	Total
1. FY 2010-11 Appropriation	1,060,977	174,927	5,337	1,241,241
2. NP-1 Print Statewide Warrants	0	163	0	163
<b>Total Request</b>	<b>1,060,977</b>	<b>175,090</b>	<b>5,337</b>	<b>1,241,404</b>
Potential Adjustment for Change in Indirect Costs	<u>TBD</u>	<u>TBD</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>TBD</b>	<b>TBD</b>	<b>5,337</b>	<b>1,241,404</b>

**Legal Services**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office Legal Services — Department of Natural Resources						
	GF	CF	RF	FF	Total	Legal Hours
1. FY 2010-11 Appropriation	810,804	2,433,572	38,299	49,057	3,331,732	45,410
2. BRI-1 Eliminate General Fund in State Parks	<u>(4,109)</u>	<u>4,109</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>806,695</b>	<b>2,437,681</b>	<b>38,299</b>	<b>49,057</b>	<b>3,331,732</b>	<b>45,410</b>

The table below shows actual legal services expenditures by division for FY 2009-10.

FY 2009-10 Actual Legal Services Expenditures for 44,890 hours at a Blended Legal Rate of \$75.38/hour as Appropriated in H.B. 10-1309 (DNR Supplemental)					
Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Legal Hours

Executive Director's Office	\$34,331	\$0	\$0	\$34,331	\$0	455
Division of Reclamation, Mining, and Safety	457,580	0	447,464	0	10,116	6,070
Geological Survey	1,896	0	1,896	0	0	25
Oil and Gas Conservation Commission	225,751	0	225,751	0	0	2,995
State Board of Land Commissioners	460,611	0	460,611	0	0	6,111
Parks and Outdoor Recreation	297,987	9,962	288,025	0	0	3,953
Colorado Water Conservation Board	410,502	0	410,502	0	0	5,446
Water Resources Division	823,307	812,625	10,682	0	0	10,922
Division of Wildlife	583,186	0	583,186	0	0	7,737
<i>Under Expenditure</i>	<u>88,657</u>	<u>3,715</u>	<u>39,638</u>	<u>5,017</u>	<u>40,287</u>	<u>1,176</u>
	<b>\$3,383,808</b>	<b>\$826,302</b>	<b>\$2,467,755</b>	<b>\$39,348</b>	<b>\$50,403</b>	<b>44,890</b>

**Staff recommends the Committee approve a continuation appropriation for legal services hours for the Department totaling 45,410 hours. The dollar amount for the associated hours remains pending until the Committee approves the budget for the Department of Law.**

#### **Purchase of Services from Computer Center**

The table below shows the current request submitted by the Department.

<b>Summary of Request– Executive Director's Office Purchase of Service from Computer Center — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
1. FY 2010-11 Appropriation	674,985	3,067,287	1,219,091	95,952	5,057,315
2. Common Policy Adjustments	55,773	167,852	68,728	8,274	300,627
3. Indirect Cost Adjustment	(234,910)	0	234,910	0	0
4. BRI-1 Eliminate General Fund in State Parks	<u>(60,229)</u>	<u>60,229</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>435,619</b>	<b>3,295,368</b>	<b>1,522,729</b>	<b>104,226</b>	<b>5,357,942</b>

The staff recommendation is **pending the approval of a common policy by the Committee** related to Purchase of Services from Computer Center.

#### **Multiuse Network Payments**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office Multiuse Network Payments — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	238,620	1,280,296	535,856	108,130	2,162,902
2. Common Policy Adjustments	95	1,037	1,209	302	2,643
3. BRI-1 Eliminate General Fund in State Parks	(103,792)	103,792	0	0	0
<b>Total Request</b>	<b>134,923</b>	<b>1,385,125</b>	<b>537,065</b>	<b>108,432</b>	<b>2,165,545</b>

The staff recommendation is **pending the approval of a common policy by the Committee** related to Multiuse Network Payments.

### **Management and Administration of OIT**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office Management and Administration of OIT — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	11,018	286,129	234,566	5,675	537,388
2. Common Policy Adjustments	49	4,516	6,141	556	11,262
3. BRI-1 Eliminate General Fund in State Parks	(8,435)	8,435	0	0	0
<b>Total Request</b>	<b>2,632</b>	<b>299,080</b>	<b>240,707</b>	<b>6,231</b>	<b>548,650</b>

The staff recommendation is **pending the approval of a common policy by the Committee** related to Management and Administration of OIT.

### **Payment to Risk Management and Property Funds**

The table below shows the current request submitted by the Department.

Summary of Request– Executive Director's Office Payment to Risk Management and Property Funds — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	42,552	298,971	6,317	3,772	351,612
2. Common Policy Adjustments	92,374	515,719	8,536	7,363	623,992
3. BRI-1 Eliminate General Fund in State Parks	(49,814)	49,814	0	0	0
<b>Total Request</b>	<b>85,112</b>	<b>864,504</b>	<b>14,853</b>	<b>11,135</b>	<b>975,604</b>

The staff recommendation is **pending the approval of a common policy by the Committee** related to the Payment to Risk Management and Property Funds line item.

### **Vehicle Lease Payments**

The table below shows the current request submitted by the Department.



Summary of Request– Executive Director's Office Vehicle Lease Payments — Department of Natural Resources					
	GF	CF	RF	FF	Total
1. FY 2010-11 Appropriation	422,970	2,899,615	0	57,296	3,379,881
2. FY 2010-11 Supplemental (S.B. 11-147)	10,089	(21,212)	0	422	(10,701)
3. Annualize FY 2010-11 Supplemental	(10,089)	21,212	0	(422)	10,701
4. Annualize FY 2010-11 Vehicle Replacements	4,252	78,346	0	0	82,598
5. FY 2011-12 Statewide Vehicle Replacements	3,111	(462,371)	0	(3,464)	(462,724)
6. BRI-1 Eliminate General Fund in State Parks	<u>(126,773)</u>	<u>126,773</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>303,560</b>	<b>2,642,363</b>	<b>0</b>	<b>53,832</b>	<b>2,999,755</b>

This line item funds the lease-purchase and management fees of vehicles primarily utilized by the Division of Wildlife, State Parks, and the Division of Water Resources. It is staff's understanding that for FY 2011-12, the Department of Personnel's State Fleet program is requesting the replacement of 319 vehicles statewide including 22 Department of Natural Resources Vehicles. Of the 22 requested vehicles for replacement, 14 are in the Division of Wildlife, 3 are in State Parks, 2 are in the Division of Reclamation, Mining, and Safety, 1 in the Oil and Gas Conservation Commission, 1 in the Land Board, and 1 in Water Resources Division.

Staff instructions from the Department of Personnel JBC analyst is to review the vehicle replacement requests, estimate if the requested replacement vehicles are estimated to have at least 100,000 miles on their speedometer by March 1, 2012, adjust for any low mileage high cost vehicles, and make a recommendation on the replacements.

**Staff recommends the replacement of all 22 vehicles. All of the vehicles, except one, are estimated to have between 112,000 and 157,000 miles by March 1, 2012. The Land Board vehicle is estimated to have 96,728 miles on March 1, 2012, however, it is a high cost vehicle, costing 138 percent more to maintain than the average for that division and the Department notes that the vehicle is used for inspection of remote locations by a single operator and that vehicle problems could result in life, health, and safety (LHS) issues for the driver because most of the areas inspected have no cell phone coverage. In addition, all 22 vehicles are listed as high cost of maintenance or LHS vehicles needing replacement.**

**The Department is not requesting any additional vehicles for FY 2011-12.**

**The recommended funding level and the funding sources are pending the approval of a common policy by the Committee for Vehicle Lease Payments.**

Based on a vehicle count list provided by the Department of Personnel on February 8, 2011, the Department of Natural Resources has a total of 1,093 vehicles. The table below provides a breakdown by division.

<b>Department of Natural Resources Vehicle Count as of February 2011</b>	
Division of Wildlife	589
Parks and Outdoor Recreation	324
Water Resources Division	104
Division of Reclamation, Mining, and Safety	30
Oil and Gas Conservation Commission	27
State Board of Land Commissioners	8
Geological Survey	6
Colorado Water Conservation Board	5
<b>Total Vehicle Count</b>	<b>1,093</b>

**Information Technology Asset Maintenance**

Funds provided through this line item enable the department to maintain and replace its IT systems. Expenditures from this line item cover expenses such as annual IT support and maintenance agreements with hardware and software vendors, new and replacement equipment, computer supplies, data communication charges, utilities and other related costs.

The table below shows the current request submitted by the department.

<b>Summary of Request– Executive Director's Office Information Technology Asset Maintenance — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
1. FY 2010-11 Appropriation	53,746	125,957	90,538	12,236	282,477
2. BRI-1 Eliminate General Fund in State Parks	(22,118)	22,118	0	0	0
3. BRI-4 IT Asset Maintenance Coal Adjustment	0	(3,252)	0	(12,236)	(15,488)
<b>Total Request</b>	<b>31,628</b>	<b>144,823</b>	<b>90,538</b>	<b>0</b>	<b>266,989</b>

- **Base Reduction Item - 4. IT Asset Maintenance Coal Adjustment.** The Department requests a reduction of \$15,488 (\$3,252 Operational Account of the Severance Tax Trust Fund and \$12,236 federal funds) in order to reconcile the Coal Regulatory Program's IT funding with the statewide consolidation of IT functions under the Office of Information Technology.

**Staff recommends Base Reduction Item - 4, IT Asset Maintenance Coal Adjustment. Staff also recommends the remainder of the Department request, including Base Reduction Item - 1, Eliminate General Fund Support for State Parks.**

The Coal Program's share of the department's IT Maintenance funding originated in the early 1990's to support a Wang brand computer system specific to three divisions within the department. When the Wang system became obsolete, the Coal Program's share of the cost was never adjusted to reflect Coal's equitable share of IT maintenance costs that support true "Department-wide/shared" data systems. This amount has historically been dedicated for Coal-specific IT purchases and not spent for the purposes of this line.

Deletion of this amount from the IT Asset Maintenance line will not change the total amount available to the department to support shared IT systems because Coal's portion has never been used for that purpose. Coal's portion has annually been processed by the EDO for purchase of IT items that exclusively benefit the Coal Program. If this decision item is approved, Coal Program specific IT purchases will be made directly from the Coal Program appropriation. Additionally, the Division of Reclamation, Mining, and Safety (DRMS) will continue to pay \$2,453 cash funds toward IT Asset Maintenance to cover its fair share of Department-wide IT systems.

The Department states that not approving the request would continue to provide misleading information regarding the total cost of the Coal program's share in statewide IT asset maintenance costs; with the consolidation of IT functions in the Office of Information Technology (OIT), coordination with both OIT staff and EDO staff will be cumbersome and inefficient for the small amount of purchases made by the Coal Program; and the Department anticipates a 15.0 percent reduction in the federal Coal grant program.

**Leased Space**

For FY 2011-12, DNR's divisions anticipate managing 45 leases statewide, encompassing approximately 113,000 square feet. Additionally, divisions lease a total of 32 parking spaces (via 3 separate lease agreements).

The mission of the Department of Natural Resources encompasses the entire state, and for reasons of efficiency and proximity to specific project areas, DNR's divisions operate a number of satellite offices throughout Colorado. In instances, divisions are statutorily required to operate offices in specific counties and/or congressional districts statewide. The Department states that in almost all cases, leasing operational space for staff is more practicable than purchasing or constructing space.

The table below shows the current request submitted by the Department.

Leased Space					
Line Item	Request				
	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total
1. FY 2010-11 Appropriation	524,396	760,714	0	26,374	1,311,484

Leased Space					
Line Item	Request				
	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total
2. Annualize FY 2010-11 Lease Adjustments	19,884	21,441	0	558	41,883
3. DI-6 Adjustments for Leased Space	0	11,924	0	849	12,773
4. BRI-1 Eliminate General Fund in State Parks	<u>(7,566)</u>	<u>7,566</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>536,714</b>	<b>801,645</b>	<b>0</b>	<b>27,781</b>	<b>1,366,140</b>
<b>Total Change</b>	<b>12,318</b>	<b>40,931</b>	<b>0</b>	<b>1,407</b>	<b>54,656</b>

The table below shows the Department request for leased space broken down by division.

Department of Natural Resources - Leased Space			
	FY 2010-11 Appropriation	FY 2011-12 Request	Difference
	Total by Division	Total by Division	
Reclamation, Mining, and Safety	63,321	64,413	1,092
Geological Survey	16,557	8,613	(7,944)
Oil & Gas Commission	319,448	334,583	15,135
State Land Board	39,748	39,775	27
Division of Parks	36,600	35,800	(800)
Water Conservation	128,820	140,816	11,996
Water Resources	536,614	563,591	26,977
Wildlife	170,376	178,549	8,173
<b>TOTAL</b>	<b>\$1,311,484</b>	<b>\$1,366,140</b>	<b>\$54,656</b>
General Fund	524,396	536,714	12,318
Cash Funds	760,714	801,645	40,931
Reappropriated Funds	0	0	0
Federal Funds	26,374	27,781	1,407

- **Decision Item - 6. Adjustments to Leased Space.** The Department is requesting an increase of \$10,973 total funds for leased space. This request includes an increase of \$12,773 in the EDO and a reduction of \$1,800 in State Parks. This request represents the Department's estimate of leased space adjustments for FY 2011-12.

**Staff recommends the Committee approve the Department's request as submitted.**

The Department states that it estimates that it will need \$1,366,140 to pay for leases in FY 2011-12. The Department estimates that it will need \$1,418,878 to pay for leases in FY 2012-13.

<b>FY 2010-11 Appropriation</b>	<b>\$1,311,484</b>
Annualize FY 2010-11 Leased Space Changes	41,883
New/Replacement Leases	4,467
Lease Renewals for FY 2011-12	(1,516)
Adjustments to existing/ongoing leases	<u>9,822</u>
<b>FY 2011-12 Request/Recommendation</b>	<b>\$1,366,140</b>

The Department and divisions estimate leased space costs annually as part of the overall budgeting process. This typically involves estimating costs for the upcoming fiscal year as well as a number of out years. Estimates for the immediately upcoming fiscal year are generally accurate; projections for out years are made based on the best available information at the time, but actual lease costs are dependent on a number of unpredictable variables, including the leased space market in a specific geographic area, overall economic conditions in the state, and other factors.

**Annualize FY 2010-11 Leased Space Changes**

As part of the FY 2010-11 budget request, the Department submitted change requests to account for a number of changes in the Leased Space line item. These change requests were for \$34,440 total funds, annualizing to \$76,323 total funds in FY 2011-12, resulting in a base funding level for leased space of \$1,353,367 in FY 2011-12.

**New/Replacement Leases**

Three divisions have entered into new lease agreements in FY 2009-10 and FY 2010-11. The Department is also including information about an existing lease that was not previously funded out of the Leased Space line item. The total impact of these “new” leases is an increase of \$4,466 to the Leased Space line item.

<b>New/Replacement Leases (Adjustments)</b>	
	<b>Cash Funds</b>
Land Board	(6,480)
Water Resources	7,839
Colorado Geological Survey	1,308
State Parks	<u>1,800</u>
<b>Total Adjustments</b>	<b>4,467</b>

***State Land Board: New Leased Space in Eaton***

Prior to FY 2009-10, the State Land Board leased an office in Greeley that provided workspace for staff from both the Front Range District Office (FRDO) and the Northern Colorado District Office (NCDO). During FY 2009-10, State Land Board leadership decided that it was more practicable and cost-effective to operate the Front Range District Office out of the division's main office in Denver. FRDO staff were moved to Denver; NCDO staff remained in the Greeley office for the remainder of the fiscal year. The lease for the Greeley office expired at the end of FY 2009-10, and NCDO staff moved into a smaller office (with a correspondingly lower cost) located in Eaton for FY 2010-11 and the foreseeable future.

***Water Resources: New Leased Space in Glenwood Springs***

The Division of Water Resources (DWR) is statutorily obligated to maintain a regional office in the Glenwood Springs vicinity, in order to facilitate water administration for the Colorado River Basin. Prior to FY 2010-11, DWR housed the staff members assigned to the Glenwood Springs office in a 3400-square foot office. Over time, however, this space became unsuitable for use. The space was not ADA compliant and the overall square footage available proved insufficient for 12 full-time staffers and associated storage needs. Staff struggled to get the landlord to conduct basic repairs and upkeep. The combined effect of these deficiencies was to make the space untenable; the ADA noncompliance, in particular, was potentially problematic for a state agency. DWR signed a lease for a new space in Glenwood Springs, effective for FY 2010-11, and terminated the previous lease agreement. The new space is larger and has a slightly higher cost.

***Colorado Geologic Survey: New Leased Space in Silverton***

Prior to FY 2009-10, the Colorado Department of Transportation (CDOT) leased an office in Silverton that provided workspace for staff from the Colorado Avalanche Information Center (CAIC) for the purpose of highway forecasting. (CAIC is overseen by the Colorado Geologic Survey). CDOT paid for that lease with non-highway forecasting funds. During FY 2009-10, CDOT decided that since the office inhabitants were CAIC staff, it was more appropriate to pay for the office space via the interagency agreement in order to use highway forecasting funds. When CDOT's lease for the Silverton office expired, the CAIC leased the office space for FY 2010-11 and the foreseeable future, and is reimbursed by CDOT for the cost of that lease as part of the interagency agreement. While this

appears to be a new lease, CAIC staff effectively occupy the same building they have been in for several years, and CGS is reimbursed for leases costs by CDOT.

***Colorado State Parks: Storage Space***

For several years Colorado State Parks has had an ongoing lease for a storage facility near its main office in Denver. This storage space is used for a variety of materials, including financial records (many of which have state-mandated retention requirements); bulk copies of the many brochures and other promotional materials that the agency uses statewide; and field equipment used by program staff housed in the Denver office, including the Resource Management, Volunteer, and Planning Programs. For a variety of reasons this lease and its associated costs have not previously been captured in the Department’s master lease list; the annual cost was simply paid for out of the division’s overall operating budget. For reasons of transparency and consistency, the Department would like to reflect this lease in the Leased Space line item beginning with the FY 2011-12 budget. The total annual cost of \$1,800 appears as an increase to the line item, but in reality this is not a new cost, and will be offset by a reduction of \$1,800 to the State Parks Operations line item.

**Lease Renewals for FY 2011-12**

The Department has identified 11 leases that expire at the end of FY 2010-11. These leases provide workspace for program staff who accomplish division objectives in specific geographic areas. Respective division staff have considered the possibility of not renewing these leases upon expiration but in all instances this is not practicable. Renewing these leases at newly calculated costs results in an overall reduction of \$1,516 from the Leased Space line item base funding level.

<b>Lease Renewals for FY 2011-12</b>	
Division of Wildlife	(625)
State Land Board	5,175
Division of Water Resources	(6,066)
<b>Total Adjustments</b>	<b>(1,516)</b>

**Adjustments to existing/ongoing leases**

The Department manages 31 leases that were already in place prior to FY 2011-12 and extend beyond the end of the fiscal year. Many of these existing leases contain contractual escalator clauses. Some ongoing leases will cost less than anticipated for FY 2011-12. The total impact of escalators and other adjustments to ongoing leases is an increase of \$9,823 to the base request for the Leased Space line item.

**Capitol Complex Leased Space**

This line item is used to pay the Department of Personnel for the costs of maintaining state buildings that are part of the capitol complex. Capitol Complex Leased Space is appropriated based on usable square footage utilized by each department times a calculated rate.

The table below shows the current request submitted by the Department.

<b>Summary of Request– Executive Director's Office Capitol Complex Leased Space — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>
1. FY 2010-11 Appropriation	241,965	325,029	166,960	117,443	851,397
2. Common Policy Adjustments	17,001	36,894	11,731	(5,805)	59,821
3. BRI-1 Eliminate General Fund in State Parks	(31,488)	31,488	0	0	0
<b>Total Request</b>	<b>227,478</b>	<b>393,411</b>	<b>178,691</b>	<b>111,638</b>	<b>911,218</b>

**Funding splits for this line item are pending the approval of a Capitol Complex Leased Space rate by the Committee.** The Department's space within the Capitol Complex Facilities for FY 2011-12 is estimated to be comprised of 69,107 square feet at 1313 Sherman Street as summarized below.

<b>Department of Natural Resources - Capitol Complex Leased Space</b>									
	FY 2010-11 Appropriation			FY 2011-12 Request			FY 2011-12 Recommendation		
	Sq. Ft.	Rate	Total	Sq. Ft.	Rate	Total	Sq. Ft.	Rate	Total
Executive Director	13,552	\$12.32	\$ 166,961	13,552	\$13.19	\$ 178,691	13,552	TBD	TBD
Mining, Reclam., & Safety	13,682	\$12.32	168,562	15,150	\$13.19	199,762	13,682	TBD	TBD
Geological Survey	6,808	\$12.32	83,875	5,340	\$13.19	70,411	6,808	TBD	TBD
Division of Parks	12,635	\$12.32	155,663	12,635	\$13.19	166,601	12,635	TBD	TBD
Water Conservation	5,178	\$12.32	63,793	5,178	\$13.19	68,275	5,178	TBD	TBD
Water Resources	17,252	\$12.32	212,543	17,252	\$13.19	227,478	17,252	TBD	TBD
<b>TOTAL</b>	<b>69,107</b>		<b>\$851,397</b>	<b>69,107</b>		<b>\$911,218</b>	<b>69,107</b>		<b>Pending</b>
General Fund			241,965			227,478			<b>Pending</b>
Cash Funds			325,029			393,411			<b>Pending</b>
Reappropriated Funds			166,960			178,691			<b>Pending</b>
Federal Funds			117,443			111,638			<b>Pending</b>

\* Numbers may not add due to rounding.



**Communications Services Payments**

This line item is the Department's contribution to pay for the Office of Information Technology's role in planning, coordinating, and integrating the public safety networks for the Departments of Public Safety, Transportation, Corrections, and Natural Resources. Local agencies also use the network. The network operates through land-based, mobile, and microwave technology. Beneficiaries of these services within the Department include both law enforcement agencies - State Parks and Division of Wildlife.

<b>Communications Services Payments - Department of Natural Resources Radios by Division and Type</b>				
	<b>Mobile</b>	<b>Portable</b>	<b>Digital Trunked Radio</b>	<b>Total</b>
Wildlife	746	384	888	<b>2,018</b>
Parks	<u>311</u>	<u>418</u>	<u>859</u>	<b><u>1,588</u></b>
<b>Total</b>	<b>1,057</b>	<b>802</b>	<b>1,747</b>	<b>3,606</b>

The table below shows the current request submitted by the Department.

<b>Summary of Request– Executive Director's Office Communications Services Payments — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>EF</b>	<b>Total</b>
1. FY 2010-11 Appropriation	110,050	871,156	0	0	981,206
2. Common Policy Adjustments	(26,792)	45,913	0	0	19,121
3. BRI-1 Eliminate General Fund in State Parks	<u>(83,258)</u>	<u>83,258</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Request</b>	<b>0</b>	<b>1,000,327</b>	<b>0</b>	<b>0</b>	<b>1,000,327</b>

The staff recommendation for this line item is pending the approval of a common policy by the Committee related to Communications Services Payments.

**(B) S.B. 08-168 (Species Conservation Trust Fund) – CF**

The Committee does not need to take action.

**(C) H.B. 09-1289 (Species Conservation Trust Fund) – CF**

The Committee does not need to take action.

**(D) H.B. 10-1398 (Species Conservation Trust Fund) - CF**

The bill appropriates money from both the Operation and Maintenance Account (\$3.5 million) and the Capital Account (\$4.5 million) of the Species Conservation Trust Fund (SCTF) for programs submitted by the executive director of the Department of Natural Resources. These programs are

designed to conserve native species that are listed as threatened or endangered under state or federal law, are candidate species, or are likely to become candidate species as determined by the U.S. Fish and Wildlife Service. The bill also transfers funding between the Capital and the Operation and Maintenance Accounts of the SCTF and transfers funding to these accounts from Tier 2 of the Operational Account of the Severance Tax Trust Fund.

The appropriation for this bill is reflected in the EDO each year and then zeroed out during figure setting. **The Committee does not need to take action.**

## (6) PARKS AND OUTDOOR RECREATION

The Division of Parks and Outdoor Recreation, created in Section 33-10-103, C.R.S., manages 42 established parks and various recreation programs throughout Colorado, encompassing 225,000 acres. Of this acreage, State Parks owns 22.0 percent, the remaining land is leased through low- or no-cost agreements with federal, state, or local entities, including water districts.

Pursuant to Section 33-10-104, C.R.S., the Division is under the jurisdiction of the Board of Parks and Outdoor Recreation (Parks Board). Pursuant to Section 33-10-107 (1) (h), C.R.S., the Parks Board is tasked with establishing by rule the amounts of fees for certificates, permits, licences, and passes and any other special charges in order to provide for cash revenues necessary for the continuous operation of the state park and recreation system. Before adopting any new fees by rule, pursuant to Section 33-10-111 (5) (a) (I) and (II), C.R.S., the Parks Board must provide the Joint Budget Committee with the proposed rule and the Board's analysis of the proposed rule, and by November 1 of each year, submit a list of such fees and fee increases to the Joint Budget Committee and the General Assembly

Management responsibilities of the Division include oversight of park development up through and including ongoing operations for established parks. Costs for park development are reflected in the capital construction budget, while operations and maintenance are appropriated through the Department's Long Bill operating budget. Special purpose programs, which are appropriated through separate line items, support other recreational activities and resources, including the snowmobile program, licensing of river outfitters, Off-highway vehicle program, trails, natural areas, and boat safety. The Division also manages funds provided by the Great Outdoors Colorado (GOCO) Board.

Pursuant to Section 33-10-107 (2), C.R.S., the Parks Board consults with the Capital Development Committee regarding the purchase of a fee title or real property valued at over \$100,000 or acquiring an easement for a period over 25 years or costing over \$100,000. In addition, the Capital Development Committee reviews all capital construction requests. Statute prohibits the use of fee revenue for capital construction but allows fees to be used to pay for controlled maintenance activities (Section 33-10-107 (1) (h), C.R.S.

<b>State Parks Capital Construction Appropriations</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12 Request</b>
Lottery Funds	\$9,675,500	\$8,154,000	\$12,529,000	\$5,840,475	\$8,070,768
GOCO Funds	4,475,000	8,005,000	6,590,000	9,416,574	5,419,681
Other Cash Funds	1,800,000	3,331,000	3,331,000	300,000	300,000
Federal Funds	<u>4,237,500</u>	<u>5,197,000</u>	<u>4,935,000</u>	<u>1,405,500</u>	<u>5,024,551</u>
<b>Total Funds</b>	<b>\$20,188,000</b>	<b>\$24,687,000</b>	<b>\$27,385,000</b>	<b>\$16,962,549</b>	<b>\$18,815,000</b>

***Funding Sources and Funding History.*** Historically, cash fee revenues have comprised the bulk of the operating budget for State Park Operations, which includes both costs for new and established parks. Over the last six fiscal years, this ratio has increased significantly. The majority of revenues have typically been provided through the collection of fees deposited into the Parks and Outdoor Recreation Cash Fund. Prior to FY 2001-02, the general rule-of-thumb was that Division operations funding was comprised of 30.0 percent General Fund and 70 percent cash funds. Following years of General Fund revenue shortfalls, the General Fund has been significantly reduced and for FY 2011-12 State Parks has submitted a proposal to completely eliminate General Fund to State Parks and backfill the General Fund elimination through an increase in fees and Severance Tax dollars.

Funding for the state parks operating budget contained in the FY 2010-11 Long Bill (H.B. 10-1376) totaled \$45.8 million. The funding for the operating budget is primarily a mixture of the Parks Cash Fund (\$18.6 million), GOCO and 10 percent Lottery direct distributions (\$10.9 million), Operational Account of the Severance Tax Trust Fund (\$6.2 million, this number includes funding for aquatic nuisance species), various dedicated cash funds (\$6.1 million, including Off-highway Vehicle Recreation Fund and the Snowmobile Recreation Fund), federal funds (\$2.4 million), and General Fund (\$1.6 million). Since FY 2007-08, State Parks has experienced a steep reduction in General Fund support, which was \$6.6 million in FY 2007-08 and is requested to be zero for FY 2011-12. The following table shows the level of General Fund relative to total funds for the Division of Parks and Outdoor Recreation.

The table below shows historical expenditures in State Parks Operations:

<b>State Parks Operating Funding Mix<sup>1</sup></b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimated</b>	<b>FY 2011-12 Request</b>
General Fund - State Parks	\$6,644,343	\$6,989,032	\$2,601,945	\$2,602,675	\$0
<i>Percent Change</i>	<i>n/a</i>	<i>5.2%</i>	<i>(62.8)%</i>	<i>0.0%</i>	<i>(100.0)%</i>
Total Funds - State Parks Operating	\$38,452,101	\$42,515,976	\$42,801,648	\$51,101,750	\$51,860,907
<i>Percent Change</i>	<i>n/a</i>	<i>10.6%</i>	<i>0.7%</i>	<i>19.4%</i>	<i>1.5%</i>
State Parks Visitation	11,834,228	11,955,691	12,295,354	12,651,919	13,018,824
<i>Percent Change</i>	<i>n/a</i>	<i>1.0%</i>	<i>2.8%</i>	<i>2.9%</i>	<i>2.9%</i>

<sup>1</sup> Includes centrally appropriated items funded in the Executive Director's Office.

***S.B. 08-13 increased severance tax dollars appropriated to state parks.*** S.B. 08-13 changed the way discretionary moneys from the Operation Account are allocated by the Department's Executive Director. The bill reduced the allowable shares for the Oil and Gas Conservation Commission (from 45 percent to 40 percent) and the Division of Reclamation, Mining and Safety ( from 30 percent to 25 percent), and established allocations of up to 5 percent for the division of Parks and Outdoor Recreation and the Division of Wildlife. Within State Parks, the bill allows expenditure of funds to operate, maintain, or improve state parks in regions of the state where production activity is occurring.

While current law caps the share of the account that may be allocated to each of these agencies, in reality, agency appropriations are far below the cap levels.

For FY 2008-09, S.B. 08-13 appropriated \$1.9 million to State Parks, \$1.2 million to cover 33 percent of the operating losses at 17 state parks located in areas impacted by energy development and \$750,000 for a boat ramp at Nighthorse Reservoir. for FY 2009-10, the General Assembly appropriated \$1.3 million in ongoing expenses to cover 32 percent of the total operating losses. The bill stated that the funding shall not supplant moneys that would otherwise be made available for such programs.

**H.B. 10-1326 Concerning an Increase to Severance Tax Allocations to State Parks.** As part of the Governor's FY 2009-10 budget balancing proposal, State Parks submitted a legislative request to increase the allowable allocations from the Operational Account of the Severance Tax Trust Fund to State Parks from 5.0 percent to 10.0 percent and to refinance \$2,147,415 General Fund in FY 2009-10 with Severance Tax dollars. The Committee sponsored H.B. 10-1326 to implement the refinance. Based on current law and Legislative Council Staff December 2010 forecast of Severance Tax Revenue, for FY 2010-11, State Parks share is 4.8 percent of total Operational Account revenues.

**For FY 2009-10, due to the General Fund revenue shortfall,** Parks was cut approximately \$2.4 million General Fund, including approximately \$1.9 million General Fund in the State Parks Operations line item and approximately \$500,000 in potted items.

In response to reductions in funding, Parks staff presented the following proposal to address the FY 2009-10 shortfall:

<b>State Parks Revenue Increase Initiative for FY 2009-10</b>	
Increase Revenue:	
Increase Camping Fees	258,000
Increase Aspen Leaf Camping Fees (Seniors)	14,000
Increase Camping Reservation Fees	75,000
Increase Boat Registration Fees	481,500
Transfer Lottery Funds into Operating Budget	<u>750,000</u>
<b>Total Revenue Increase</b>	<b>\$1,578,500</b>

<b>State Parks Expenditure Reductions Initiative for FY 2009-10</b>	
Expenditure Reductions:	
Programmatic Reductions	644,000
Suspend IT Development Projects	41,000

State Parks Expenditure Reductions Initiative for FY 2009-10	
Reduce Temporary Workforce by 10.0 percent	363,000
Operating Reductions	<u>539,000</u>
<b>Total Expenditure Reductions</b>	<b>\$1,587,000</b>

- Base Reduction - 1, Eliminate General Fund Support to State Parks.** For FY 2011-12 and beyond, the Department submitted a base reduction item requesting the elimination of General Fund to State Parks. This request would eliminate a total of \$2.7 million General Fund remaining in State Parks. The proposal back-fills funding to State Parks with a \$1.3 cash funds increase in Tier 1 of the Operational Account of the Severance Tax Trust Fund (to be offset by the elimination of Tier 1 dollars for the Division of Wildlife initially provided through S.B. 08-13, approximately \$1.6 million) and a \$1.4 million increase in cash revenues by raising several cash fees.

FY 2011-12 Proposed Parks Fee Increases				
Type of Fee	Current	Proposed	Last Fee Increase	Expected Revenue
Daily Pass	\$6	\$7	Sept. 1, 07	488,020
Daily Pass (year round at high use parks*)	\$7	\$8	Sept. 1, 07	107,600
Annual Pass	\$60	\$70	Nov. 15, 07	303,180
Annual Multiple	\$25	\$35	Nov. 15, 07	105,375
Aspen Leaf (Annual) Pass	\$30	\$35	Nov. 15, 07	(31,620)
Aspen Multiple (Annual) Pass	\$15	\$18	Nov. 15, 07	5,600
Lifetime Senior	N/A	\$175	New	215,000
Centennial and Columbine (annual pass for disabled and income eligible residents)	\$13	\$14	2,003	3,100
Small standard camper cabins & yurts	\$60	\$70	2,003	7,326
Premium cabins & large standard cabins	\$80-\$220	\$100-\$260	Sept. 1, 07	27,193
Additional Camping Fee at 12 Parks**	N/A	\$2 extra	New	<u>152,031</u>
<b>Total Additional Anticipated Revenue</b>				<b>1,382,805</b>

\* Boyd Lake, Chatfield, Cherry Creek, Eldorado Canyon.

\*\* Chatfield, Cherry Creek, Cheyenne Mountain, Golden Gate Canyon, Highline Lake, Mueller, Pearl, Rifle Falls, Ridgway, St. Vrain, Steamboat Lake, Sylvan Lake.

House Bill 10-1326 increased the maximum allowable Tier 1 appropriation to State Parks to 10.0 percent of total available revenue to the Operational Account. With this request, State Parks Tier 1 funding is anticipated to increase from \$3,475,863 (or 4.8 percent) in FY 2010-11, to \$4,943,629 (or 7.3 percent) in FY 2011-12.

As far as the Division of Wildlife losing \$1.6 million, the Department states that S.B. 08-13 appropriated the moneys to the Division of Wildlife to study the impacts of energy development on wildlife and wildlife habitat, as well as to study best management practices to reduce such impacts. The money was used to hire contractors to complete a variety of studies.

Since most of these studies have been started, a reduction in funding and associated stoppage of a study will result in the initial spending on the study having been wasted. These studies, once completed, will be invaluable to the management of Colorado's wildlife resources and minimizing the impact energy development on wildlife and wildlife habitat. The Division is examining ways to both reduce the cost of these on-going studies and to absorb continuing costs within either its base budget or (for sage grouse related studies) to fund the project within the Division of Wildlife's annual Species Conservation Trust Fund allocation. This reallocation would need approval from the General Assembly through the annual Species Conservation Trust Fund legislation. Given the availability of these alternatives and potential cost reductions, the Division of Wildlife's Tier 1 allocation is a low priority for the Department.

#### ***State Auditor Report on Parks Use of Lottery Proceeds***

Two of the Division of Parks and Outdoor Recreation June 2008 Audit Report findings were that Division management does not have complete or accurate information on the condition of its existing assets or its future capital needs, the other finding was that the Division has invested considerable lottery moneys for capital development purposes, and has limited its investment of lottery moneys for park operations.

Maintenance and renovation. In the spring of 2007, a list of projects related to health and safety and protection of facilities and resources was compiled by park managers, engineers, landscape architects, project managers, and region managers from each of the Division's three regions. The list identified a total of nearly \$150.7 million in projects related to health and safety and protection of facilities and resources, including new capital assets and repair or replacement of existing capital assets. This list does not include a list of remaining projects including projects related to improving and building roads and dams, acquiring land, and developing new parks. According to the state audit, because a number of individuals from different parks and regions were involved in compiling the list, additional analysis will be needed to ensure that all projects were identified, and that projects were identified using consistent criteria.

The audit points that without a comprehensive review of the condition and needs of capital assets, the Division cannot plan effectively for the acquisition of new assets or the protection, maintenance, or improvement of current assets. The Division has committed to developing a capital development project five-year plan that will include a comprehensive capital asset program inventory and accurate

assessment of the condition of structures and facilities. During the summer of 2010, State Parks initiated an Asset Inventory Process. The Department expects compiling information on all buildings, roads, and infrastructure by the fall of 2011. Initial assessments show that the 42 state parks contain 1,110 insurable buildings, 4,376 campsites, 180 miles of paved roads, and 170 miles of gravel roads. The current estimated value of buildings is approximately \$150.0 million, roads and infrastructure is currently valued at \$415.0 million, for a total of approximately \$565.0 million.

*Use of Lottery proceeds.*

Section 1 of Article XXVII states that:

(1) The people of the State of Colorado intend that the net proceeds of every state-supervised lottery game operated under the authority of Article XVIII, Section 2 shall be guaranteed and permanently dedicated to the preservation, protection, enhancement and **management** of the state's wildlife, park, river, trail and open space heritage, except as specifically provided in this article. [Emphasis added.]

Section 24-35-210 (4.1)(c), C.R.S., specifies that the Division may use lottery funding for:

(c) The lottery money available for appropriation to the division of parks and outdoor recreation pursuant to paragraph (b) of this subsection (4.1) shall be appropriated and expended for the acquisition and development of new state parks, new state recreation areas, or new recreational trails, for the expansion of existing state parks, state recreation areas, or recreational trails, or for capital improvements of both new and existing state parks, state recreation areas, or recreational trails. Except as provided in section 33-60-105, C.R.S., in addition to appropriation for the division's capital construction budget, **said 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.

The Division requested an opinion from the Attorney General's office on interpreting the constitutional and statutory expenditure guidelines on lottery funding. Of particular interest to the Division is Section 8 of Article XXVII which states that:

**No substitution allowed.** The people intend that the allocation of lottery funds required by this article of the constitution be in addition to and not a substitute for funds otherwise appropriated from the General Assembly to the Colorado Department of Natural Resources and its divisions.

On February 6, 2009, the Attorney General submitted an opinion to State Parks. The memorandum makes several key conclusions. Staff presents a list of selected conclusions that illustrate the tension of the issue:



- 1 Lottery funds in State Parks are not subject to appropriation or control by the General Assembly;
- 2 Section 8 of Article XXVII of the State Constitution states that lottery funds are intended to "be in addition to and not substitute for funds otherwise appropriated from the General Assembly", thus, an outright General Fund reduction and an increase of lottery funds through a letternote designation would create issues under the "no substitution clause";
- 3 The inclusion of a letternote in the Division's Long Bill line item showing lottery funds used in operations for informational purposes is non-binding and State Parks does not have to expend the funds in compliance with the letternote;
- 4 Section 24-35-210 (4.1)(c), C.R.S., does not conflict with the constitution. The memo states that constitutional language should be applied literally using the plain meaning of the language, except when it results in an absurdity. In this case, if the 10 percent lottery funds can only be used for capital construction, then over time, as capital construction activities with lottery funds increase, the burden on non-lottery funds for operations and management activities could become so significant that State Parks could in the foreseeable future not have sufficient non-lottery funds to undertake its other statutory mandates. The memo concludes that allowing the use of lottery funds to also operate and maintain properties acquired and developed with the lottery funds seems a reasonable approach by the General Assembly to avoid the absurdity.

***Five-Year Financial Plan. FY 10-11 through FY 14-15.***

The Five-Year Financial Plan is intended to help ensure a financially sustainable park system over the next five years by quantifying the financial challenges facing the agency and identifying strategies that could be pursued to meet those challenges.

To cope with the **ongoing budget shortfalls**, State Parks has taken the following steps:

1. Reduced the number of full-time employees by 5% (eliminated 12.5 positions).
2. Reduced temporary (seasonal) employees by 10%.
3. Cut salaries across-the-board for permanent positions (mandated for all state employees by the Colorado General Assembly).
4. Significantly reduced administrative costs for travel, cell phones, uniforms, Information Technology (IT) equipment, and training.
5. Drastically reduced services at Bonny Lake State Park from October through April; reduced full-time employees from five to one. Closed campgrounds at two other parks.
6. Raised fees for camping, reservations, and boat registration.
7. Redirected lottery funds from capital projects to cover operating costs.
8. Refinanced (replaced) some of the lost General Funds with Severance Tax funds.

To address **longer term financial challenges**, additional priority strategies were identified. These include:

1. Expanding cost-share agreements with federal partners who own the land at many of the

- properties managed by State Parks (most notably the U.S. Bureau of Reclamation (BOR) at Lake Pueblo State Park).
2. Working with other state and local agencies, including the State Land Board and the Colorado Division of Wildlife (DOW), to find ways to reduce costs and share responsibilities for outdoor recreation programs.
  3. Ensuring that all costs of self-funded programs (such as Snowmobile and Off Highway Vehicle Registration (OHV)) are paid with funds generated by those programs, and not with parks' cash funds.
  4. Streamlining and improving administrative processes.
  5. Investing in energy saving retrofits at park facilities.
  6. Removing one (Bonny Reservoir) of the existing 42 parks from the State Parks' system and closely studying three more (Sweitzer Lake, Harvey Gap, and Paonia) for potential removal.
  7. Expanding private fund-raising through the Foundation for State Parks, "Friends" groups, and corporate partners.
  8. Increasing park visitation and revenues per visitor through an enhanced State Parks' website presence.
  9. Reduce capital costs through better facilities planning and management.
  10. Consider others strategies, which collectively could have significant positive impact on State Parks' finances. These include expanding citizen volunteer opportunities, in-sourcing some IT work, implementing a point-of-sale system, constructing additional basic cabins and yurts, developing selective mineral deposits on State Parks' land, selectively implementing market-based pricing for some services, working with Great Outdoors Colorado (GOCO) for assistance in the event that operating deficits trigger potential park closures, developing and implementing park operating and service standards, and developing new dedicated revenue sources.

**FY 2011-12 State Parks Budget.**

<b>State Park Division Total Staffing Summary</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recommendation</b>
Management	9.0	10.0	10.0	10.0
Administration	55.5	60.4	60.4	60.4
Accounting and Financial Services	8.0	8.0	8.0	8.0
Information Technology	5.6	0.0	0.0	0.0
Park Managers	108.0	129.7	129.7	129.7
Engineers and Technicians	54.9	62.5	62.5	62.5
Other Professions	<u>16.0</u>	<u>18.9</u>	<u>18.9</u>	<u>18.9</u>
<b>Total</b>	<b>257.0</b>	<b>289.5</b>	<b>289.5</b>	<b>289.5</b>

The table below shows a summary table of staff recommendations for the division of Parks and Outdoor Recreation for FY 2011-12.

<b>Category</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>(6) Parks and Outdoor Recreation Current Appropriation</b>	<b>\$1,643,963</b>	<b>\$41,744,875</b>	<b>\$0</b>	<b>\$2,392,805</b>	<b>\$45,781,643</b>	<b>289.5</b>
Restore S.B. 10-146: 2.5 % PERA	\$49,702	\$297,085	\$0	\$0	\$346,787	0.0
Indirect Cost Adjustment	0	309,458	0	(31,731)	277,727	0.0
Federal Grants	0	0	0	231,484	231,484	0.0
Annualize FY 2010-11 Trails Grants	0	200,000	0	0	200,000	0.0
Annualize FY 2010-11 1.0 % General Fund Personal Services Cut	13,230	0	0	0	13,230	0.0
1.5 % Across the Board Personal Services Reduction	(20,591)	(294,590)	0	(6,681)	(321,862)	0.0
Eliminate Law Enforcement Equipment Line Item	0	(126,780)	0	0	(126,780)	0.0
FY 2010-11 Supplemental (S.B. 11-147)	(13,230)	0	0	0	(13,230)	0.0
Annualize S.B. 10-71 Aspen Leaf Lifetime Pass	<u>0</u>	<u>(8,800)</u>	<u>0</u>	<u>0</u>	<u>(8,800)</u>	<u>0.0</u>
<b>Parks and Outdoor Recreation Base Recommendation</b>	<b>1,673,074</b>	<b>42,121,248</b>	<b>0</b>	<b>2,585,877</b>	<b>46,380,199</b>	<b>289.5</b>

Category	GF	CF	RF	FF	Total	FTE
DI-7 River Outfitters Refinance	0	0	0	0	0	0.0
BRI-1 Eliminate General Fund in State Parks	(1,673,074)	1,673,074	0	0	0	0.0
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	0	(366,254)	0	0	(366,254)	0.0
DI-6 Adjustments for Leased Space	<u>0</u>	<u>(1,800)</u>	<u>0</u>	<u>0</u>	<u>(1,800)</u>	<u>0.0</u>
<b>(6) Parks and Outdoor Recreation Total Recommendation</b>	<b>\$0</b>	<b>\$43,426,268</b>	<b>\$0</b>	<b>\$2,585,877</b>	<b>\$46,012,145</b>	<b>289.5</b>
<b>Change</b>	<b>(\$1,643,963)</b>	<b>\$1,681,393</b>	<b>\$0</b>	<b>\$193,072</b>	<b>\$230,502</b>	<b>0.0</b>
<b>Percent Change</b>	<b>-100.0%</b>	<b>4.0%</b>	<b>n/a</b>	<b>8.1%</b>	<b>0.5%</b>	<b>0.0%</b>

### (A) State Park Operations

Starting with FY 2005-06, the State Parks Operations line item consolidated five separate line items:

- ✓ Established State Parks - Program Costs;
- ✓ Established State Parks - Seasonal Work Program;
- ✓ Established State Parks - Impact Assistance;
- ✓ New State Parks - Program Costs;
- ✓ New State Parks - Seasonal Work Program.

The consolidated State Parks Operations line enables the Division to manage its program while providing maximum flexibility to meet challenges.

State Park Operations Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	9.0	10.0	10.0	10.0
Administration	47.4	50.9	50.9	50.9
Accounting and Financial Services	7.0	7.0	7.0	7.0
Information Technology	5.6	0.0	0.0	0.0
Park Managers	101.5	121.7	121.7	121.7
Engineers and Technicians	46.2	53.5	53.5	53.5
Other Professions	<u>10.7</u>	<u>12.6</u>	<u>12.1</u>	<u>12.1</u>
<b>Total</b>	<b>227.4</b>	<b>255.7</b>	<b>255.2</b>	<b>255.2</b>

State Park Operations Line Item FY 2009-10 Actual Expenditures by Category			
Program Area	Personal Services	Operating	Total
State Park Operations	\$16,372,932	\$2,524,649	\$18,897,581
Park Administration	1,573,280	290,961	1,864,241
Business Services	1,224,488	437,427	1,661,915
Information Technology	417,053	8,673	425,726
Natural Resource Management	309,332	10,219	319,551
Land and Water Management	213,037	20,915	233,952
Trails	<u>57,496</u>	<u>12,172</u>	<u>69,668</u>
<b>Total</b>	<b>\$20,167,618</b>	<b>\$3,305,016</b>	<b>\$23,472,634</b>

The table below shows the Department request for the State Park Operations line item.

Summary of Request – Division of Parks & Outdoor Recreation State Park Operations — Department of Natural Resources					
	GF	CF	FF	Total	FTE
Personal Services (Estimate)	1,323,028	17,849,563	445,389	19,617,980	255.7
Operating Expense (Estimate)	<u>320,935</u>	<u>4,519,896</u>	<u>0</u>	<u>4,840,831</u>	<u>—</u>
FY 2010-11 Appropriation	1,643,963	22,369,459	445,389	24,458,811	255.7
FY 2010-11 Supplemental (S.B. 11-147)	(13,230)	0	0	(13,230)	0.0
Restore S.B. 10-146: 2.5 % PERA	51,232	290,312	0	341,544	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(1,530)	(8,031)	0	(9,561)	0.0
Restore FY 11 Supplemental 1.0 % GF Personal Services Cut	13,230	0	0	13,230	0.0
Annualize S.B. 10-71 Aspen Leaf Lifetime Pass	<u>0</u>	<u>(8,800)</u>	<u>0</u>	<u>(8,800)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>1,693,665</b>	<b>22,642,940</b>	<b>445,389</b>	<b>24,781,994</b>	<b>255.7</b>
DI-6 Adjustments for Leased Space	0	(1,800)	0	(1,800)	0.0
DI-7 River Outfitters Refinance	0	(68,500)	0	(68,500)	(0.5)
NP-1 Print Statewide Warrants	0	10,365	0	10,365	0.0
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	0	(354,336)	0	(354,336)	0.0
BRI-1 Eliminate General Fund in State Parks	<u>(1,693,665)</u>	<u>1,693,665</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Total Request</b>	<b>0</b>	<b>23,922,334</b>	<b>445,389</b>	<b>24,367,723</b>	<b>255.2</b>

Staff recommendations regarding the "State Park Operations" line item are presented in the table below. Staff calculated the personal services items using Committee approved personal

**services common policies. The differences between the Department request and staff recommendation are explained below:**

1. The staff starting personal services and operating expenses amounts are different than the department. For this program line item staff used the average of two years (FY 2008-09 and FY 2009-10) of actual expenditures for personal services and operating expenses as reported in the Department schedule 14.
2. JBC Common Policy to Reduce All Personal Services Line Items and All Fund Sources by 1.5 % - the department did not apply a one-time 2.0 percent General Fund personal services reduction because the Department proposed eliminating General Funding to State Parks. Staff on the other hand applied a 1.5 percent personal services reduction to all funds totaling \$314,627 (including \$20,591 General Fund)
3. NP-1 Print Statewide Warrants (Pending) - the Department requested \$10,365 cash funds for a statewide decision item submitted by the Department of Personnel to print statewide warrants and mainframe documents. The item is pending Committee common policy.
4. BRI-1 Eliminate General Fund in State Parks - the staff estimate of the refinance is lower than the department request due to the application of a 1.5 percent personal services reduction (for more detail on BRI-1, see discussion below).

<b>Summary of Recommendation – Division of Parks &amp; Outdoor Recreation State Park Operations — Department of Natural Resources</b>					
	<b>GF</b>	<b>CF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Personal Services (Estimate)	1,323,028	18,883,489	445,389	20,651,906	255.7
Operating Expense (Estimate)	<u>320,935</u>	<u>3,485,970</u>	<u>0</u>	<u>3,806,905</u>	<u>—</u>
FY 2010-11 Appropriation	1,643,963	22,369,459	445,389	24,458,811	255.7
FY 2010-11 Supplemental (S.B. 11-147)	(13,230)	0	0	(13,230)	0.0
Restore S.B. 10-146: 2.5 % PERA	51,232	290,312	0	341,544	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(1,530)	(8,031)	0	(9,561)	0.0
Restore FY 11 Supplemental 1.0 % GF Personal Services Cut	13,230	0	0	13,230	0.0
Annualize S.B. 10-71 Aspen Leaf Lifetime Pass	0	(8,800)	0	(8,800)	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(20,591)</u>	<u>(287,355)</u>	<u>(6,681)</u>	<u>(314,627)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>1,673,074</b>	<b>22,355,585</b>	<b>438,708</b>	<b>24,467,367</b>	<b>255.7</b>
DI-6 Adjustments for Leased Space	0	(1,800)	0	(1,800)	0.0
DI-7 River Outfitters Refinance	0	(68,500)	0	(68,500)	(0.5)
NP-1 Print Statewide Warrants (Pending)	0	0	0	0	0.0
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	0	(354,336)	0	(354,336)	0.0

Summary of Recommendation – Division of Parks & Outdoor Recreation State Park Operations — Department of Natural Resources					
	GF	CF	FF	Total	FTE
BRI-1 Eliminate General Fund in State Parks	(1,673,074)	1,673,074	0	0	0.0
<b>Total Recommendation</b>	<b>0</b>	<b>23,604,023</b>	<b>438,708</b>	<b>24,042,731</b>	<b>255.2</b>

- Decision Item - 7. River Outfitters Refinance.** The Department requests a net-zero decision item to reduce the appropriation to the State Park Operations line item by \$68,500 cash funds (Parks Cash Fund) and 0.5 FTE and increase the appropriation to the River Outfitters Regulation line item in the Special Purpose sub-program by \$68,500 cash funds (\$58,500 Parks Cash Fund and \$10,000 River Outfitters Cash Fund) and 0.5 FTE.

**Staff recommends the Department request to move \$68,500 and 0.5 FTE from the State Park Operations line item to the River Outfitters Regulation line item. However, staff recommends a different funding split for the \$68,500. Staff recommends that the funding split be \$38,500 Parks Cash Fund and \$30,000 River Outfitters Cash Fund. For an analysis of the staff recommendation please see below.**

The River Outfitters Licensing Program was established in 1984 giving responsibility to the Parks Board to enact rules and regulations necessary to govern the annual licensing for river outfitters.

The appropriation to the River Outfitters Regulation line item for FY 2010-11 is \$74,466 cash funds (River Outfitters Cash Fund). The Department states that the current appropriation does not reflect all the costs of the River Outfitters Program. The current appropriation of \$74,466 covers only operating expenses and most, but not all, temporary employee costs (two temporary employees). In order to include the total costs of this program in the River Outfitters Regulation line item, the Department estimates that the spending authority needs to increase by \$68,500 and 0.5 FTE. This amount will cover the personal services cost for the manager of the program, the variable mileage and maintenance costs for two vehicles, and one temporary employee.

Currently, the entire personal services cost of the program manager (who spends approximately half of their time on the River Outfitters Program) is paid from the Parks Cash Fund. The manager performs a variety of duties to ensure that the program is administered in accordance with applicable rules, monitors safety and training aspects, and acts as point of contact for all matters related to the program. Additionally, the program usually hires three temporary employees during the busy season from May through October. Only two of the three temporary employees' costs are currently charged to the program.

The Department states that in the next five years the Parks Board may be evaluating its current River Outfitters licensing fees for potential increase because the current fees have

been in effect for over a decade.

The table below shows the Department's calculation for the components of the refinance:

<b>River Outfitters Refinance Calculation</b>	
0.5 FTE at \$3,208 per month	\$38,500
One temporary employee (\$2,232 x 6 months)	\$13,392
Variable mileage costs for two vehicles (\$1,384 x 12 months)	<u>\$16,608</u>
	\$68,500

**Staff Analysis**

The River Outfitters program is authorized and its activities described in Section 33-32-101, C.R.S., through Section 33-32-112, C.R.S. The program is scheduled for repeal effective September 1, 2019, pending sunset review pursuant to Section 24-34-104, C.R.S.

Section 33-32-104 (2), C.R.S., requires applicants to pay a nonrefundable license fee to be determined by the Parks Board. The license term cannot exceed three years. The table below shows current fees.

<b>River Outfitter Fees</b>	
River Outfitter Licensing Fee	\$400
Late Filing Fee	\$100
Application Refiling Fee	\$25
Limited Use License	\$100

Section 33-24-104 (2), C.R.S., also states that the Parks Board shall determine the amount of fees so that the fees are adequate to cover the expenses incurred for inspections, licensing, and enforcement, as required by statute.

Section 24-75-402 (2) (g), C.R.S., sets a 16.5 percent target reserve for cash fund balances based on the amount expended from a cash fund during the fiscal year (certain cash funds are exempt from this target reserve). Statute further states that the uncommitted reserves shall not exceed the target reserve and if the target reserve is exceeded, then the entity responsible for setting the fees shall adjust the fees. Section 24-75-402 (5) (g), C.R.S., states among other exemptions that any fund with uncommitted reserves of less than fifty thousand dollars are exempt from the 16.5 percent target reserve.



The current appropriation for the River Outfitters Regulation line item is \$74,466, with the request to transfer an additional \$68,500 the total line item appropriation will be \$142,966. The table below shows the fund balance analysis including the Department request.

<b>River Outfitters Cash Fund</b>				
	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Request</b>
Cash Balance - Beginning of Year	\$84,105	\$65,723	\$60,257	\$54,791
Fees Collections	<u>68,925</u>	<u>69,000</u>	<u>69,000</u>	<u>69,000</u>
<i>Total Revenues</i>	<i>153,030</i>	<i>134,723</i>	<i>129,257</i>	<i>123,791</i>
Program Expenditures	71,931	74,466	74,466	84,466
Other Expenses <sup>1</sup>	<u>15,376</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures</i>	<i>\$87,307</i>	<i>\$74,466</i>	<i>\$74,466</i>	<i>\$84,466</i>
<i>Ending Liquid Cash Balance</i>	<i>\$65,723</i>	<i>\$60,257</i>	<i>\$54,791</i>	<i>\$39,325</i>
Balance as % of Expenditures	75.3%	80.9%	73.6%	46.6%

<sup>1</sup> Includes non-appropriated purchases of capital assets and investments, new prepaid expense recorded, etc. (from Department Schedule 9: Cash Fund Report)

Statute states that the Parks Board must set a River Outfitters license fee adequate to cover the expenses incurred for inspections, licensing, and enforcement. Statute is silent on who should pay for the costs of administering the program. Staff believes that the licensing fees should cover at least all costs other than the cost for the FTE administrator of the program or \$104,466. The table below shows that if the River Outfitters Cash Fund is made to pay all costs of the program (except the FTE administration costs) or \$104,466, the fund will only be able to cover \$84,466 in FY 2012-13. Staff feels that the Parks Board should consider raising the fees of the program sooner or consider cutting the expenditures of the program.

<b>River Outfitters Cash Fund (Future fund balance analysis with JBC staff recommendation)</b>				
	<b>FY 2011-12 Recommend</b>	<b>FY 2012-13 Estimate</b>	<b>FY 2013-14 Estimate</b>	<b>FY 2014-15 Estimate</b>
Cash Balance - Beginning of Year	\$54,791	\$19,325	\$3,859	(\$11,607)
Fees Collections	<u>69,000</u>	<u>69,000</u>	<u>69,000</u>	<u>69,000</u>
<i>Total Revenues</i>	<i>123,791</i>	<i>88,325</i>	<i>72,859</i>	<i>57,393</i>
Program Expenditures	104,466	84,466	84,466	84,466
Other Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

<b>River Outfitters Cash Fund</b>				
<b>(Future fund balance analysis with JBC staff recommendation)</b>				
	<b>FY 2011-12 Recommend</b>	<b>FY 2012-13 Estimate</b>	<b>FY 2013-14 Estimate</b>	<b>FY 2014-15 Estimate</b>
<i>Total Expenditures</i>	\$104,466	\$84,466	\$84,466	\$84,466
<i>Ending Liquid Cash Balance</i>	\$19,325	\$3,859	(\$11,607)	(\$27,073)
Balance as % of Expenditures	18.5%	4.6%	-13.7%	-32.1%

- Base Reduction Item - 1. Eliminate General Fund Support for State Parks.** The Department submitted a base reduction item requesting the elimination of General Fund to State Parks starting with FY 2011-12. This request would eliminate a total of \$2.7 million General Fund remaining in State Parks. The proposal back-fills funding to State Parks with a \$1.3 cash increase in Tier 1 of the Operational Account of the Severance Tax Trust Fund (to be offset by the elimination of Tier 1 dollars for the Division of Wildlife initially provided through S.B. 08-13) and a \$1.4 million increase in cash revenues by raising several cash fees.

<b>BRI-1. Eliminate General Fund Support for State Parks. Request.</b>			
<b>Line Item Name</b>	<b>GF</b>	<b>Cash Funds</b>	<b>Total Funds</b>
EDO; Health, Life, and Dental	(284,659)	284,659	0
EDO; Short-term Disability	(4,756)	4,756	0
EDO; S.B. 04-257 AED	(75,234)	75,234	0
EDO; S.B. 06-235 SAED	(60,456)	60,456	0
EDO; Shift Differential	(4,469)	4,469	0
EDO; Workers' Compensation	(67,567)	67,567	0
EDO; Legal Services	(4,109)	4,109	0
EDO; Purchase of Services from Computer Center	(60,229)	60,229	0
EDO; Multiuse Network Payments	(103,792)	103,792	0
EDO; Management and Administration of OIT	(8,435)	8,435	0
EDO; Payment to Risk Management and Property Funds	(49,814)	49,814	0
EDO; Vehicle Lease Payments	(126,773)	126,773	0
EDO; IT Asset Maintenance	(22,118)	22,118	0
EDO; Leased Space	(7,566)	7,566	0

<b>BRI-1. Eliminate General Fund Support for State Parks. Request.</b>			
<b>Line Item Name</b>	<b>GF</b>	<b>Cash Funds</b>	<b>Total Funds</b>
EDO; Capitol Complex Leased Space	(31,488)	31,488	0
EDO; Communications Services Payments	<u>(83,258)</u>	<u>83,258</u>	<u>0</u>
<i>Subtotal EDO</i>	<i>(994,723)</i>	<i>994,723</i>	<i>0</i>
<i>Parks; (A) State Park Operations</i>	<i>(1,693,665)</i>	<i>1,693,665</i>	<i>0</i>
<i>Wildlife; (2) Wildlife Management</i>	<u>0</u>	<u>(1,569,144)</u>	<u>(1,569,144)</u>
<b>Total Change Request</b>	<b>(2,688,388)</b>	<b>1,119,244</b>	<b>(1,569,144)</b>

The table below shows staff recommendation for base reduction item - 1 to eliminate General Fund support for State Parks. The staff recommendation cuts an additional \$51,212 cash funds (Operational Account of the Severance Tax Trust Fund) due to the fact that in FY 2010-11 the total Severance Tax appropriation to the Division of Wildlife was \$1.62 million.

<b>BRI-1. Eliminate General Fund Support for State Parks. Recommendation.</b>			
<b>Line Item Name</b>	<b>GF</b>	<b>Cash Funds</b>	<b>Total Funds</b>
<i>Subtotal EDO</i>	<i>(994,723)</i>	<i>994,723</i>	<i>0</i>
<i>Parks; (A) State Park Operations</i>	<i>(1,673,074)</i>	<i>1,673,074</i>	<i>0</i>
<i>Wildlife; (A) Division Operations; (2) Wildlife Management</i>	<i>0</i>	<i>(1,569,144)</i>	<i>(1,569,144)</i>
<i>Wildlife; (B) Special Purpose</i>	<u>0</u>	<u>(51,212)</u>	<u>(51,212)</u>
<b>Total Change Request</b>	<b>(2,667,797)</b>	<b>1,047,441</b>	<b>(1,620,356)</b>

The table below shows the FY 2007-08 total operating appropriation to State Parks compared to the FY 2010-11 appropriation. Staff has taken out \$9.1 million in cash and federal funds from the FY 2010-11 appropriation added for a budget reorganization that transferred funds for the capital construction budget to the operating budget and created three new line items in the operating budget: "Off-Highway Vehicle Grants", "Natural Resource Protection", and "Miscellaneous Small Projects."

<b>State Parks Summary of Appropriations Changes from FY 2007-08 to FY 2010-11</b>				
	<b>GF</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>FTE</b>
FY 2007-08				
Parks Lines	5,466,161	28,745,690	34,211,851	292.1

<b>State Parks Summary of Appropriations Changes from FY 2007-08 to FY 2010-11</b>				
	<b>GF</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>FTE</b>
POTS	<u>1,190,830</u>	<u>2,779,017</u>	<u>3,969,847</u>	<u>0.0</u>
Total FY 2007-08	6,656,991	31,524,707	38,181,698	292.1
FY 2010-11				
Parks Lines	1,643,963	44,137,680	45,781,643	289.5
POTS	958,712	4,378,183	5,336,895	0.0
Take Out Parks Capital Re-org.	<u>0</u>	<u>(9,100,000)</u>	<u>(9,100,000)</u>	<u>0.0</u>
Total FY 2010-11	2,602,675	39,415,863	42,018,538	289.5
<i>% Change</i>	<i>-60.9%</i>	<i>25.0%</i>	<i>10.0%</i>	<i>-0.9%</i>

The table below shows the proposed fee increases.

<b>Proposed Parks Fee Increases</b>				
<b>Type of Fee</b>	<b>Current</b>	<b>Proposed</b>	<b>Last Fee Increase</b>	<b>Expected Revenue</b>
Daily Pass	\$6	\$7	Sept. 1, 07	488,020
Daily Pass (year round at high use parks*)	\$7	\$8	Sept. 1, 07	107,600
Annual Pass	\$60	\$70	Nov. 15, 07	303,180
Annual Multiple	\$25	\$35	Nov. 15, 07	105,375
Aspen Leaf (Annual) Pass	\$30	\$35	Nov. 15, 07	(31,620)
Aspen Multiple (Annual) Pass	\$15	\$18	Nov. 15, 07	5,600
Lifetime Senior	N/A	\$175	New	215,000
Centennial and Columbine (annual pass for disabled and income eligible residents)	\$13	\$14	2,003	3,100
Small standard camper cabins & yurts	\$60	\$70	2,003	7,326
Premium cabins & large standard cabins	\$80-\$220	\$100-\$260	Sept. 1, 07	27,193
Additional Camping Fee at 12 Parks**	N/A	\$2 extra	New	<u>152,031</u>
<b>Total Additional Anticipated Revenue</b>				<b>1,382,805</b>

\* Boyd Lake, Chatfield, Cherry Creek, Eldorado Canyon.

\*\* Chatfield, Cherry Creek, Cheyenne Mountain, Golden Gate Canyon, Highline Lake, Mueller, Pearl, Rifle Falls, Ridgway, St. Vrain, Steamboat Lake, Sylvan Lake.

House Bill 10-1326 increased the maximum allowable Tier 1 appropriation to State Parks to 10.0 percent of total available revenue to the Operational Account. With this request, State Parks Tier 1 funding is anticipated to increase from \$3,475,863 (or 4.8 percent) in FY 2010-11, to \$4,943,629 (or 7.3 percent) in FY 2011-12.

As far as the Division of Wildlife losing \$1.6 million, the Department states that S.B. 08-13 appropriated the moneys to the Division of Wildlife to study the impacts of energy development on wildlife and wildlife habitat, as well as to study best management practices to reduce such impacts. The money was used to hire contractors to complete a variety of studies.

Since most of these studies have been started, a reduction in funding and associated stoppage of a study will result in the initial spending on the study having been wasted. These studies, once completed, will be invaluable to the management of Colorado's wildlife resources and minimizing the impact energy development on wildlife and wildlife habitat. The Division is examining ways to both reduce the cost of these on-going studies and to absorb continuing costs within either its base budget or (for sage grouse related studies) to fund the project within the Division of Wildlife's annual Species Conservation Trust Fund allocation. This reallocation would need approval from the General Assembly through the annual Species Conservation Trust Fund legislation. Given the availability of these alternatives and potential cost reductions, the Division of Wildlife's Tier 1 allocation is a low priority for the Department.

**(B) Great Outdoors Colorado (GOCO) Board Grants**

The following line items are reflected in the Long Bill for informational purposes only. These grants are moneys approved by the members of the Great Outdoors Colorado (GOCO) Board and are not appropriated by the General Assembly. The GOCO program was established in Article XXVII of the Colorado Constitution. In the past, the GOCO Board has approved annual funding for State Parks in December for the fiscal year beginning the following July. Starting with the FY 2010-11 budget, the GOCO Board will not approve the Parks annual budget until March.

<b>Great Outdoors Colorado Board Grants</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Estimate</b>
Parks Capital Budget	\$8,318,000	\$760,000	\$3,396,735	\$9,416,574	\$5,419,681
Parks Operating Budget	<u>4,025,000</u>	<u>3,864,000</u>	<u>4,212,370</u>	<u>5,935,000</u>	<u>6,135,000</u>
Total GOCO Grants to Parks	\$12,343,000	\$4,624,000	\$7,609,105	\$15,351,574	\$11,554,681
<i>Percent of Parks' Expenditures</i>	<i>21.0%</i>	<i>6.8%</i>	<i>10.8%</i>	<i>22.6%</i>	<i>16.4%</i>

\* \$5.0 million of the FY 2010-11 capital construction amount is earmarked for phase I construction at Staunton State Park, located in Jefferson and Park County off of U.S. highway 285.

Lottery Proceeds are allocated as follows:

Allocation of Lottery Proceeds	FY 2010 Distributions (in millions)	
Conservation Trust Fund (distributed to local governments and park and recreation districts on a per capita basis to use for parks, recreation and open space)	40.0%	\$45.2
Colorado State Parks (for parks and outdoor recreation projects)	10.0%	\$11.3
GOCO Trust Fund (Up to 50.0 percent, capped at \$35.0 million in 1992 dollars adjusted for inflation)	Up to 50.0%	\$56.4
Moneys over the GOCO Cap are allocated to the General Fund	Various Amounts	
Public School Capital Construction Assistance Fund (\$88,000)	Various Amounts	\$0.1

The Colorado Constitution requires GOCO to allocate its proceeds substantially equally over time to four areas:

- (I) Wildlife - Investment in the wildlife resources of Colorado through the Division of Wildlife;
- (II) Outdoor Recreation - Investment in the outdoor recreation resources of Colorado through the Division of Parks and Outdoor Recreation;
- (III) Open Space - Competitive grants to the to the Divisions of Parks and Wildlife, and to counties, municipalities or other political subdivisions of the state, or non-profit land conservation organizations;
- (IV) Local Governments - Competitive matching grants to local governments or other entities to acquire, develop, or manage open lands and parks.

**Land and Water Protection**

The Division of Parks and Outdoor Recreation anticipates lottery proceeds of \$709,000 for this line item. Line item supports water for recreational purposes through the acquisition of water rights or through agreements with holders of water rights. Two FTE are utilized to manage these dollars used for park improvements, buffer acquisitions, vegetation management, and the maintenance of geographic information systems (GIS). **Staff notes that because these funds are not appropriated by the General Assembly, staff is not recommending the calculation of a 1.5 percent personal services reduction on this line item.**

**Operations and Maintenance**

The Division of Parks and Outdoor Recreation anticipates lottery proceeds of \$1,969,000 for this line item. This line item supports the establishment and improvement of state parks and recreation areas in Colorado. The 14.5 FTE anticipated for FY 2011-12 are utilized to manage these dollars and to work in new park facilities supported by GOCO Board grants. **Staff notes that because these funds are not appropriated by the General Assembly, staff is not recommending the**

**calculation of a 1.5 percent personal services reduction on this line item.**

**Statewide Programs**

This line item supports the development of appropriate public information and environmental education resources on Colorado's natural resources at state parks, recreation areas, and other locations throughout the state; and acquisition, construction and maintenance of trails and river greenways. The Division of Parks and Outdoor Recreation anticipates lottery proceeds of \$1,657,000 for this line item. The 6.0 FTE anticipated for FY 2011-12 are utilized to manage funds or to supervise programs related to marketing, volunteers, and the Colorado Youth Corps. **Staff notes that because these funds are not appropriated by the General Assembly, staff is not recommending the calculation of a 1.5 percent personal services reduction on this line item.**

**(6) PARKS AND OUTDOOR RECREATION**

**(C) Special Purpose**

These are programs that have a dedicated funding source or are related to federal programs that do not directly pertain to the operations of the Colorado park system.

**Snowmobile Program**

This line item funds the administration and registration of snowmobiles, mandatory safety certification of young operators, enforcement of registration requirements, trail marking and signing, establishment and maintenance of snowmobile trails and related facilities. The source of funds is the Snowmobile Recreation Fund established pursuant to Section 33-14-106, C.R.S. Fees from the registration of snowmobiles are credited to this fund.

<b>Snowmobile Recreation Fund - Fees</b>	
Snowmobile Registration (Regular)	\$30
Snowmobile Registration (Duplicate)	\$5
Snowmobile Dealer Registration (1 - 25 Machines Sold)	\$35
Snowmobile Dealer Registration (26 or More Machines Sold)	\$60
Non-resident Snowmobile Permit	\$30

***Staff Recommendation.* Staff does not recommends the Department's request for \$1,003,654 and 1.3 FTE. Instead, staff recommends \$999,848 and 1.3 FTE.**

<b>Summary of Recommendation – (6) Parks &amp; Outdoor Recreation (C) Special Purpose; Snowmobile Program — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
Personal Services (estimate)	252,062	1.3
Operating Expense (estimate)	<u>750,965</u>	—
FY 2010-11 Appropriation	1,003,027	1.3
Restore S.B. 10-146: 2.5 % PERA	1,703	—
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(3,806)</u>	—
<b>Continuation Estimate</b>	<b>1,000,924</b>	<b>1.3</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(1,076)</u>	—
<b>Total Recommendation</b>	<b>999,848</b>	<b>1.3</b>

### **River Outfitters Regulation**

This program is responsible for the administration of the annual licensing for river outfitters, regulation of the river outfitters, and ensuring the safety of river running activities through inspections. As of FY 2009-10, there are over 177 commercial river outfitter companies with approximately 3,000 guides that run adventure rafting and float fishing trips on the majority of the rivers statewide. The River Outfitter Licensing Program is responsible for performing inspections on these companies to ensure river outfitters employ qualified personnel, follow appropriate operating parameters and meet minimum equipment standards to ensure customer safety. The source of funds is the River Outfitters Cash Fund established pursuant to Section 33-32-111, C.R.S. Registration and licensing fee revenue from river outfitters is credited to this fund.

<b>River Outfitter Fees</b>	
River Outfitter Licencing Fee	\$400
Late Filing Fee	\$100
Application Refiling Fee	\$25
Limited Use License	\$100

- Decision Item - 7. River Outfitters Refinance.** Staff already discussed this decision item in the State Park Operations line item above. Staff recommends the department request to move \$68,500 and 0.5 FTE from the State Park Operations line item to the River Outfitters Regulation line item in order to reflect more transparently the total costs of the program. **Staff recommends the Department request to move \$68,500 and 0.5 FTE from the State Park Operations line item to the River Outfitters Regulation line item. However, staff recommends a different funding split for the \$68,500. Staff recommends that the funding split be \$38,500 Parks Cash Fund and \$30,000 River Outfitters Cash Fund. Staff recommends funding of \$142,966, of which \$104,466 cash funds from the River Outfitters Cash Fund and \$38,500 from the Parks and Outdoor Recreation Cash Fund established pursuant to Section 33-10-111 (1), C.R.S.**



Summary of Request – (6) Parks & Outdoor Recreation (C) Special Purpose; River Outfitters Regulation — Department of Natural Resources		
	Cash Funds	FTE
FY 2010-11 Appropriation	74,466	0.0
<b>Continuation Estimate</b>	<b>74,466</b>	<b>0.0</b>
DI-7 River Outfitters Refinance	68,500	0.5
<b>Total Request</b>	<b>142,966</b>	<b>0.5</b>

### **Off-Highway Vehicle Program**

This program is responsible for the administration of the OHV registration and grant program. The program provides information and heightens awareness of the availability of off-highway vehicle recreational opportunities, and encourages safe and responsible use of OHVs through brochures, news releases and other media. The program is also responsible for the promotion of off-highway vehicle safety through promulgation and enforcement of rules and regulations. Partnerships with land management agencies and enthusiasts are formed to leverage grant funds and promote good management of motorized recreation. The source of funds is the Off-Highway Vehicle Recreation Fund established pursuant to Section 33-14.5-106 (1), C.R.S. Fees for the registration of off-highway vehicles are credited to this fund.

Off-Highway Vehicle Program - fees	
OHV Registration (Regular)	\$25
OHV Dealer Registration (1-25 machines sold)	\$35
OHV Dealer Registration (26 or more machines sold)	\$60
OHV Renter Registration (1-10 machines sold)	\$35
OHV Renter Registration (11 or more machines sold)	\$60
Duplicate Registration	\$5

The Department requests \$532,694 cash funds (Off-Highway Vehicle Recreation Fund) and 3.0 FTE. **Staff does not recommend the Department request. Staff recommends \$529,265 cash funds and 3.0 FTE.**

Summary of <u>Recommendation</u> – (6) Parks & Outdoor Recreation (C) Special Purpose; Off-highway Vehicle Program — Department of Natural Resources		
	Cash Funds	FTE
Personal Services (estimate)	224,656	3.0
Operating Expense (estimate)	307,344	

<b>Summary of Recommendation – (6) Parks &amp; Outdoor Recreation (C) Special Purpose; Off-highway Vehicle Program — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
FY 2010-11 Appropriation	532,000	3.0
Restore S.B. 10-146: 2.5 % PERA	3,930	—
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(3,429)</u>	—
<b>Continuation Estimate</b>	<b>532,501</b>	<b>3.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(3,236)</u>	—
<b>Total Recommendation</b>	<b>529,265</b>	<b>3.0</b>

### **Off-Highway Vehicle Grants**

This program provides grants to federal, state, and local government agencies and non-profit user groups to construct and maintain off-highway vehicle trails, parking areas, signage and maps. Grants funds are provided through registration of off-highway vehicles from the Off-Highway Vehicle Registration Fund.

This line item was added during FY 2010-11 as part of a capital construction budget re-organization that moved part of the capital construction budget into the operating budget. As part of this line item, the Committee approved a footnote that authorized three year spending authority in order to allow the Off-Highway Vehicle Grant Program enough time to select grant recipients and to account for weather events that may extend the project completion time to more than a year.

The Department requests continuation funding of \$4,000,000 cash funds (Off-Highway Vehicle Recreation Fund) for grants. **Staff recommends the Department request. In addition, staff recommends that the Committee approve continuation of this footnote as stated below:**

**"Department of Natural Resources, Parks and Outdoor Recreation, Special Purpose, Off-highway Vehicle Grants** - It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2013-14, whichever comes first."

### **Federal Grants**

**The Department anticipates the receipt of \$750,000 federal funds in FY 2011-12** related to this line item, which reflects a grant from the United States Coast Guard to fund a portion of the requirements of the federal Boat Safety Act. These moneys are shown for informational purposes only. One-half of this money is distributed to local governments and the other half funds state-sponsored projects. The Parks Board evaluates the proposals and distributes these dollars.

<b>Summary of Recommendation – (6) Parks &amp; Outdoor Recreation (C) Special Purpose; Federal Grants — Department of Natural Resources</b>	
	<b>Federal Funds</b>
FY 2010-11 Appropriation	518,516
Anticipated increase in federal funds	<u>231,484</u>
<b>Total Recommendation</b>	<b>750,000</b>

### **S.B. 03-290 Enterprise Fund**

**Staff recommends the Department's continuation request of \$200,000 cash funds (reserves in the Parks and Outdoor Recreation Cash Fund) for this line item.** This line item appropriates money into the Stores Revolving Fund, which was established pursuant to S.B. 03-290. This fund is used for the acquisition of warehousing stock and distributing supplies for retail sales to park visitors. At the end of every fiscal year, any fund balance exceeding two hundred thousand dollars reverts back to the Parks and Outdoor Recreation Cash Fund.

*Information Technology Initiatives supported by State Lottery Proceeds.* The following four line items are included in the Division's Long Bill section for informational purposes only, which are funded from lottery proceeds. Prior to FY 2005-06, these projects would have been reflected in the Department's capital construction budget.

### **System Operations and Support**

**Staff recommends the request for State Lottery proceeds of \$735,000 cash funds to be included in the Long Bill for informational purposes only.** These dollars support various business systems, such as the automated record keeping system, law enforcement, volunteer administration, and revenue systems.

### **Connectivity at State Parks**

**Staff recommends the request for State Lottery proceeds of \$370,000 cash funds to be included in the Long Bill for informational purposes only.** This line item aims to fund adequate bandwidth capability for Colorado's state parks, which covers both internal and external connectivity. This includes the central Parks office, and the Department's offices at 1313 Sherman Street, as well as various locations within individual parks such as entrance stations, camper services facilities, and outdoor recreation officers.

### **Asset Management**

**Staff recommends the request for State Lottery proceeds of \$300,000 cash funds to be included in the Long Bill for informational purposes only.** This line item funds annual replacement of computers and other information technology equipment previously funded through the 'Major Repairs and Minor Improvements' line item in the Department's capital construction budget.

### **Voice Over Internet Protocol**

**During FY 2008-09 figure setting staff recommended the request for elimination in State Lottery proceeds of \$175,000 cash funds for the voice over internet protocol line. The Committee does not need to take action on this line.** These dollars were used by the Division of Parks and Outdoor Recreation to switch its existing phone systems to voice-over internet protocol (VOIP). This is a project that aims to achieve long-term savings as a result of reduced long distance charges and lower maintenance costs. Staff notes that the FY 2007-08 long bill contained Footnote 106, which directed the Division to provide the JBC with a status report on the deployment of the Voice Over Internet Protocol (VOIP) System. The report was due by June 30, 2008. The Department submitted a report on December 16, 2009. The report provides statistics that show the Department saved a cumulative \$80,015 in FY 2007-08 and FY 2008-09 as a result of implementation of VoIP.

### **Law Enforcement Equipment**

This line item was created during FY 2008-09 as a result of a decision item in order to fund new park ranger equipment and the regular replacement of existing state parks ranger equipment. This line item also pays for uniforms for rangers. The funding for this line item is from lottery proceeds totaling \$126,780. The calculation is based on providing uniforms to 126 rangers each year at a cost of \$75,600, fully equipping 10 new rangers each year due to turnover at a cost of \$34,680, and replacing 25 body armor vests each year at a cost of \$16,500. **The Department did not submit a base reduction item to eliminate this line item for the FY 2011-12 budget. However, the Department is not requesting an appropriation through this line item for FY 2011-12 because the Department states that over the past three years the law enforcement equipment has been paid out of the State Park Operations line item using cash fund sources including lottery proceeds. Staff recommends the Department request to discontinue reflecting law enforcement equipment purchases through this line item and to eliminate the line item for FY 2011-12.**

### **Natural Resource Protection**

This line item was added during FY 2010-11 as part of a capital construction budget re-organization that moved part of the capital construction budget into the operating budget. This program conducts fuels mitigation projects that involve improving the resilience of state parks areas to recover from wildfires by cutting and removing diseased timber and brush. By investing in the treatment of 1,200 to 1,500 acres of hazardous forest fuels annually, the Natural Resources Protection program enables Colorado State Parks to reduce suppression costs, improve visitor and firefighter safety, reduce impacts on water and air quality, improve wildlife habitat and significantly reduce costs resulting from wildfires.

The Department requests continuation funding totaling \$600,000 (\$150,000 GOCO funds and \$450,000 federal funds from FEMA). **Staff recommends the Department request for continuation funding.**

### **Miscellaneous Small Projects**

This line item was added during FY 2010-11 as part of a capital construction budget re-organization that moved part of the capital construction budget into the operating budget. This program addresses projects that are for the most part under \$50,000, that are more maintenance in nature, and are more appropriately contained in the operating budget. The Department states that this new line item will be considered the Division of Parks internal controlled maintenance program. State Parks are fifty years old with facilities constructed at various times. There is ongoing maintenance required to extend the useful life of the facilities and to avoid costly replacements in the future. Typical miscellaneous small projects will include weed spraying, roof repairs, shoreline stabilization, repairs to water and sewer lines, road and parking lot repairs, picnic table replacement, upgrades to utility systems, renovation or replacement of vault and flush toilets, landscaping, and the installation of signs and interpretive kiosks. In addition to the ongoing maintenance and repairs, facilities need to be updated to meet the requirements of the Americans with Disabilities Act (ADA), health and safety standards, as well as providing natural resource protection.

The Department requests continuation funding of \$2,000,000 from lottery proceeds. **Staff recommends the Department request for continuation funding.**

### **Trails Grants**

This line item was added during FY 2010-11 as part of a capital construction budget re-organization that moved part of the capital construction budget into the operating budget. This is a state trails program. This program provides technical assistance and training on trail design, development, and maintenance to agencies, communities, and non-profit groups statewide. It provides public information on trails through maps, newsletters, and electronic media. The trails program also encourages Youth Corp trail projects, volunteerism and public stewardship for trails on public lands. It coordinates with agencies and communities on trails and greenways as part of plans for development, rivers, transportation and utility corridors, recreation, and habitat protection. The specific projects are dependent on the grants submitted, but typically consist of trail maintenance, construction and signage. Grants are made to third parties, the work does not result in a physical asset owned by the state.

For FY 2010-11, this line item received a total of \$2,500,000 (\$1,450,000 GOCO; \$150,000 lottery; and \$900,000 federal funds from the U.S. Department of Interior, Land and Water Conservation Fund State Assistance Program, and the U.S. Department of Transportation, Recreational Trails Program). For FY 2011-12, and as described in the decision item for FY 2010-11, the Department requests an increase to the appropriation by \$200,000 cash funds (GOCO).

**Staff recommends the Department request for an appropriation in FY 2011-12 of \$2,700,000 (\$1,650,000 GOCO; \$150,000 lottery; and \$900,000 federal funds from the U.S. Department of Interior, Land and Water Conservation Fund State Assistance Program, and the U.S. Department of Transportation, Recreational Trails Program).**

**S.B. 08-226 Aquatic Nuisance Species**

S.B. 08-226 established aquatic nuisance species laws to prevent, control, contain, monitor, and eradicate aquatic nuisance species, both wildlife and plants, from state waters. Among other things, the bill created the Divisions of Parks and Outdoor Recreation Aquatic Nuisance Species Fund and the Division of Wildlife Aquatic Nuisance Species Fund. The bill transfers moneys from the Tier 2 Operational Account of the Severance Tax Trust Fund to the Divisions of Parks and Outdoor Recreation Aquatic Nuisance Species Fund. Pursuant to Section 33-10.5-108 (1) (a), C.R.S., the moneys in the Parks ANS Fund are continuously appropriated to State Parks.

The Department requests an appropriation of \$2,677,067 cash funds (Division of Parks and Outdoor Recreation Aquatic Nuisance Species Fund) and 7.0 FTE. **Staff notes that due to the fact that the line item is continuously appropriated in statute, staff is not recommending the calculation of 1.5 percent personal services reduction.**

**Staff recommends the Committee approve the Department request for \$2,677,067 cash funds and 7.0 FTE.**

<b>Summary of Recommendation – (6) Parks &amp; Outdoor Recreation (C) Special Purpose; S.B. 08-226 Aquatic Nuisance Species — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
Personal Services (estimate)	1,938,583	7.0
Operating Expense (estimate)	736,919	—
FY 2010-11 Appropriation	2,675,502	7.0
Restore S.B. 10-146: 2.5 % PERA	9,171	—
<b>Continuation Estimate</b>	<b>2,684,673</b>	<b>7.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	(7,606)	—
<b>Total Recommendation</b>	<b>2,677,067</b>	<b>7.0</b>

**Indirect Cost Assessment**

Staff does not recommend the Department's request for \$1,522,565 for the purpose of indirect cost recoveries. Staff recommended a new indirect cost methodology during the discussion for the Executive Director's Office above. Based on staff recommendation in the EDO, staff recommends a total indirect cost assessment to State Parks of \$1,630,268, including \$1,583,099 cash funds (Parks Cash Fund and Operational Account, funding splits are pending) and \$47,169 federal funds. This appropriation will be used to offset the need for General Fund for overhead expenses appropriated in the Executive Director's Office. After the JBC's figure setting decisions have been made, JBC staff will work with the Department to determine whether any revisions to the indirect cost plan will be required. If changes in indirect cost recoveries are necessary, staff will present them to the JBC for final approval prior to the introduction of the Long Bill.

## (7) COLORADO WATER CONSERVATION BOARD

Funding for the Division's administration was variably supported with some General Fund subsidy in the 1990s until FY 2000-01 (when the General Fund covered up to half of administrative costs). Since FY 2001-02, all of the Colorado Water Conservation Board (CWCB) administrative costs have been funded with cash funds from the Colorado Water Conservation Board Construction Fund (CWCB Construction Fund) and other cash sources. This financing requirement means that the Construction Fund must support non-renewing expenditures of the Division from its loan repayments proceeds, leaving less money available for loans and grants for water projects around the state. In addition, the General Assembly transferred \$10,250,000 from the CWCB Construction Fund into the General Fund as part of budget balancing for FY 2008-09.

The Division's special purpose programs are generally supported by specific cash funds sources mandated or authorized in statute, and/or federal funds. The cost-share is calculated on any remaining costs after other fund sources, such as the Operational Account of the Severance Tax Trust Fund and other cash funds are largely accounted for. Fund splits shown in this document are based on staff recommendation; staff will adjust fund splits accordingly based on Committee action.

The CWCB consists of fifteen members. Pursuant to Section 37-60-106 (1), C.R.S., it is the duty of the Board to promote the conservation of the waters of the state of Colorado in order to secure the greatest utilization of such waters and the utmost prevention of floods. Section 37-60-119 (2), C.R.S., states that the CWCB may enter into contracts for the use of, or to loan moneys to enable the construction, rehabilitation, enlargement, or improvement of, flood control, water, power, and any related recreational facilities, excluding domestic water treatment and distribution systems, with any agency or political subdivision of this state or the federal government. In order to recover the Board's capital investment, the Board may set interest charges at between zero and seven percent.

<b>FY 2010-11 CWCB Lending Rates</b>	
<b>Type of Loan</b>	<b>FY 2010-11 Interest Rates</b>
Baseline Rate	5.61%
Commercial/Industrial (110%)	6.25%
Municipal High Income (90%)	5.00%
Municipal Middle Income (80%)	4.50%
Municipal Low Income (70%)	4.00%
Agricultural (50%)	2.75%

Section 37-60-121 (1) (b) (IV), C.R.S., states that the CWCB shall only participate in projects that

can repay the Board's investment. Grants shall only be made when specifically authorized by the General Assembly through a bill (the annual water projects bill, H.B. 10-1250). Statute also states that the Board shall have the authority to de-authorize grants approved by the General Assembly and use any remaining funds for other statutorily authorized purposes if the grant project has been completed or is no longer feasible.

The General Assembly has so far transferred \$125.3 million (\$115.0 million from the Perpetual Base Account and \$10.3 million from the CWCB Construction Fund) to the General Fund for budget balancing purposes. The narratives and tables below discuss the current balances of the two accounts.

### **Colorado Water Conservation Board Construction Fund**

The Colorado Water Conservation Board Construction Fund (Construction Fund), created in Section 37-60-121 (1) (a), C.R.S., provides loans and grants for projects that will increase the beneficial consumptive use of Colorado's undeveloped compact entitled waters. Section 37-60-121 (1) (b) (IV), C.R.S., instructs the Colorado Water Conservation Board (CWCB) to participate in only those projects that can repay the board's investment, unless specifically authorized by the legislature through a bill. Section 37-60-122 (1) (b), C.R.S., authorizes the CWCB to make loans without General Assembly approval in amounts not to exceed ten million dollars. In FY 2010-11, H.B. 10-1250 appropriated \$13.2 million for various water related projects including \$12.0 million for the purchase of all or a portion of Colorado's allotment of water from the Animas-La Plata Project. The \$12.0 million was transferred to the Construction Fund from the Perpetual Base Account of the Severance Tax Trust Fund.

The Construction Fund receives revenues from the return of principal and interest on outstanding loans, interest earned on the cash balance of the fund through investments by the State Treasurer, and federal mineral lease (FML) fund distributions. Senate Bill 08-218 modified the allocation of the state's portion of FML revenue by creating separate distribution formulas for FML bonus payment revenues as well as non-bonus (rent and royalty) FML revenues. Senate Bill 08-218 amended statute so that beginning with FY 2008-09, the Construction Fund receives a distribution of 10.0 percent of non-bonus revenue, up to \$14.0 million. The amount transferred is allowed to grow by 4.0 percent annually in succeeding years.

The June 30, 2010, financial statements for the CWCB Construction Fund show total equity of \$324.0 million (\$238.0 million restricted for loans, \$63.0 million restricted for authorized projects, as well as \$23.0 million unrestricted cash).

The Construction Fund also pays for the administrative expenses of the CWCB. For FY 2010-11 the CWCB estimates that it will need \$7.5 million for salaries, operating costs, and other related expenditures. In addition the Construction Fund provides funding for non-reimbursable projects, an estimated \$4.7 million in FY 2010-11. The CWCB anticipates providing loans for new water projects totaling \$19.8 million in FY 2010-11.



<b>Colorado Water Conservation Board Construction Fund</b>					
	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Estimate</b>	<b>FY 2012-13 Estimate</b>
Cash Balance - Beginning of Year	\$13,282,580	\$19,305,372	\$23,599,996	\$1,678,464	\$1,040,192
Accounts Receivable (Principal/Interest)	31,041,628	16,119,580	15,064,773	15,523,208	15,811,288
FML Revenues	14,258,395	11,724,295	13,961,228	14,570,915	15,083,584
Animas-La Plata Project Transfer	<u>0</u>	<u>0</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
<b>Total Revenues</b>	<b>58,582,603</b>	<b>47,149,247</b>	<b>64,625,997</b>	<b>43,772,587</b>	<b>43,935,064</b>
<i>CWCB Operations</i>	<i>(6,255,134)</i>	<i>(6,290,891)</i>	<i>(7,451,373)</i>	<i>(7,595,086)</i>	<i>(7,780,436)</i>
<i>Non-Reimbursable Investments &amp; Cash Replenishment</i>	<i>(4,724,563)</i>	<i>(6,412,364)</i>	<i>(4,725,000)</i>	<i>(4,137,309)</i>	<i>(4,137,309)</i>
<i>Animas-La Plata Expenditure</i>	<i>0</i>	<i>0</i>	<i>(12,000,000)</i>	<i>(12,000,000)</i>	<i>(12,000,000)</i>
<i>Actual Loan Issuances/CWCB Loan Obligations</i>	<i>(18,047,534)</i>	<i>(10,845,996)</i>	<i>(15,231,160)</i>	<i>0</i>	<i>0</i>
<i>Anticipated Loan Issuances (pre-qualified)</i>	<i>0</i>	<i>0</i>	<i>(4,540,000)</i>	<i>0</i>	<i>0</i>
<b><i>Non-obligated Amounts</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>(19,000,000)</i></b>
<b><i>Total Expenditures</i></b>	<b><i>(29,027,231)</i></b>	<b><i>(23,549,251)</i></b>	<b><i>(43,947,533)</i></b>	<b><i>(23,732,395)</i></b>	<b><i>(42,917,745)</i></b>
Ending FY Balance without transfer	\$29,555,372	\$23,599,996	\$20,678,464	\$20,040,192	\$1,017,319
Transfer to the General Fund in S.B. 09-208	(10,250,000)	0	0	0	0
<b><i>Options for Additional Transfers to the General Fund</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>(19,000,000)</i></b>	<b><i>(19,000,000)</i></b>	<b><i>0</i></b>
Ending Balance after transfer	\$19,305,372	\$23,599,996	\$1,678,464	\$1,040,192	\$1,017,319

### **Perpetual Base Account of the Severance Tax Trust Fund**

The Perpetual Base Account of the Severance Tax Trust Fund is authorized in Section 39-29-109 (2) (a), C.R.S., to be used for the same purposes as the Colorado Water Conservation Board Construction Fund. Specifically, to fund directly or provide loans for construction, rehabilitation, enlargement, or improvement of water projects. The Severance Tax Perpetual Base Account receives half of receipts to the severance tax trust fund (one fourth of all severance tax income). This fund is a revolving loan account, as such no permanent programs depend on this fund.

The June 30, 2010, financial statements for the Perpetual Base Account show total equity of \$297.0 million (\$164.0 million restricted for loans, \$129.0 million restricted for authorized projects, as well as \$4.0 million unrestricted cash).

The table below shows the Department estimate of revenues and expenditures for the Perpetual Base Account. The Department submitted requests to transfer \$10.0 million from the Perpetual

Base Account to the General Fund in FY 2010-11 and \$15.0 million in FY 2011-12 as General Fund budget balancing actions. The JBC sponsored S.B. 11-164 to transfer \$5.0 million in FY 2010-11.

<b>Perpetual Base Account of the Severance Tax Trust Fund</b>					
	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Estimate</b>	<b>FY 2012-13 Estimate</b>
Cash Balance - Beginning of Year	\$18,058,960	\$40,454,321	\$4,865,510	\$1,520,880	\$1,978,251
<i>Receivables/Interest Earnings</i>	<i>11,071,624</i>	<i>7,062,895</i>	<i>7,426,920</i>	<i>9,658,044</i>	<i>9,436,971</i>
<i>Severance Tax</i>	<i>71,253,177</i>	<i>17,856,646</i>	<i>41,470,250</i>	<i>44,753,113</i>	<i>47,756,840</i>
<i>Principal Repayment</i>	<u><i>3,099,696</i></u>	<u><i>4,151,218</i></u>	<u><i>3,758,200</i></u>	<u><i>5,046,214</i></u>	<u><i>6,973,385</i></u>
<i>Total Revenues</i>	<i>85,424,497</i>	<i>29,070,759</i>	<i>52,655,370</i>	<i>59,457,371</i>	<i>64,167,196</i>
Agriculture Emergency Drought Grants	(1,716,142)	0	(1,000,000)	(1,000,000)	(1,000,000)
Loan Issuances	(26,312,994)	(659,570)	0	0	0
Animas La-Plata Water Purchase (H.B. 10-1250; Sect. 7 and 8)	0	0	(12,000,000)	(12,000,000)	(12,000,000)
<b>Non-obligated Amounts</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(52,000,000)</u></b>
Ending FY Balance without transfer	\$75,454,321	\$68,865,510	\$44,520,880	\$47,978,251	\$1,145,447
Transfer to the General Fund in S.B. 09-208 (Sect. 34)	(20,000,000)	0	0	0	0
Transfers to the General Fund in S.B. 09-279 (Sect. 22)	(15,000,000)	(62,000,000)	0	0	0
Transfer to the General Fund in H.B. 10-1327 (Sect. 8)	0	(2,000,000)	0	0	0
Transfer to the General Fund in H.B. 10-1388 (Sect. 2)	0	0	(11,000,000)	0	0
Transfer to the General Fund in S.B. 11-164 (Sect. 9)	0	0	(5,000,000)	0	0
<b>Department Request/Staff Recommendation for Transfers</b>	<b>0</b>	<b>0</b>	<b>(5,000,000)</b>	<b>(15,000,000)</b>	<b>0</b>
<b>Options for Additional Transfers to the General Fund</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(22,000,000)</u></b>	<b><u>(31,000,000)</u></b>	<b><u>0</u></b>
Ending Balance after transfer	\$40,454,321	\$4,865,510	\$1,520,880	\$1,978,251	\$1,145,447

### **Operational Account of the Severance Tax Trust Fund**

The CWCB also receives funding from the Operational Account. The funding is discussed below.

### **Water Supply Reserve Account**

In addition to the two accounts discussed above, the Water Supply Reserve Account (Account), created in Section 39-29-109 (2) (c), C.R.S., receives moneys from Tier II of the Operational Account of the Severance Tax Trust Fund. The Water Supply Reserve Account is set to receive \$6.0 million in FY 2011, \$7.0 million in FY 2012, and \$10.0 million each year after that commencing with FY 2013. The CWCB must allocate moneys by grant or loan from the Account only for water activities approved by a roundtable pursuant to Section 37-75-101, C.R.S., through Section 37-75-107, C.R.S., also known as the "Colorado Water for the 21st Century Act" (H.B. 05-1177; Rep. Penry/Sen. Isgar).

**Severance Tax Fund**

The CWCB is authorized pursuant to Section 39-29-109.3 (1) (d), C.R.S., to receive up to 5.0 percent of Operational Account Tier I funding for programs within the CWCB and for purposes of Interbasin Compacts (Section 37-75-101, C.R.S.). This funding is annually appropriated in the Special Purpose section, "Severance Tax Fund" line item. The FY 2010-11 appropriation and FY 2011-12 request totals \$1,319,250, or 1.8 percent and 2.0 percent of Tier I appropriations respectively.

**Interbasin Compacts**

In addition, the "Interbasin Compacts" line item receives \$745,067 annually from Tier II of the Operational Account pursuant to Section 37-75-107, C.R.S., and Section 39-29-109.3 (2) (i), C.R.S.

The table below shows the staff appropriations recommendation for the Colorado Water Conservation Board for FY 2011-12.

Category	GF	CF	RF	FF	Total	FTE
<b>(7) Colorado Water Conservation Board Current Appropriation</b>	<b>\$0</b>	<b>\$21,174,093</b>	<b>\$296,027</b>	<b>\$139,356</b>	<b>\$21,609,476</b>	<b>45.7</b>
Indirect Cost Adjustment	\$0	\$76,127	\$0	\$2,113	\$78,240	0.0
Restore S.B. 10-146: 2.5 % PERA	0	73,115	0	1,625	74,740	0.0
Annualize H.B. 10-1250 CWCB Projects Bill	0	(12,975,000)	0	0	(12,975,000)	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	0	(56,304)	(4,440)	(1,983)	(62,727)	<u>0.0</u>
<b>Colorado Water Conservation Board Base Recommendation</b>	<b>0</b>	<b>8,292,031</b>	<b>291,587</b>	<b>141,111</b>	<b>8,724,729</b>	<b>45.7</b>
DI-5 Increased Dues	0	0	0	0	0	0.0

Category	GF	CF	RF	FF	Total	FTE
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	0	(81,079)	0	(2,294)	(83,373)	0.0
<b>(7) Colorado Water Conservation Board Total Recommendation</b>	<b>\$0</b>	<b>\$8,210,952</b>	<b>\$291,587</b>	<b>\$138,817</b>	<b>\$8,641,356</b>	<b>45.7</b>
<b>Change</b>	<b>\$0</b>	<b>(\$12,963,141)</b>	<b>(\$4,440)</b>	<b>(\$539)</b>	<b>(\$12,968,120)</b>	<b>0.0</b>
<b>Percent Change</b>	<b>n/a</b>	<b>-61.2%</b>	<b>-1.5%</b>	<b>-0.4%</b>	<b>-60.0%</b>	<b>0.0%</b>

<b>(7) Water Conservation Board Staffing Summary</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recommendation</b>
Director / Deputy	1.8	2.0	2.0	2.0
Administration	5.0	5.0	5.0	5.0
Water Supply Protection	6.6	6.0	6.0	6.0
Water Supply Planning and Finance	6.5	7.0	7.0	7.0
Office of Water Conservation	3.9	5.0	5.0	5.0
Flood Protection	6.0	6.0	6.0	6.0
Interbasin Compacts (Includes Intrastate Water Mgmt. & Dev.)	3.6	3.7	3.7	3.7
Stream and Lake Protection	7.0	7.0	7.0	7.0
Water Information	<u>5.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
<b>Total</b>	<b>45.4</b>	<b>45.7</b>	<b>45.7</b>	<b>45.7</b>

## **(A) Administration**

### **Personal Services**

The Department requests an appropriation of \$2,892,386 total funds (\$2,596,359 CWCB Construction Fund and \$296,027 Wildlife Cash Fund) and 30.0 FTE.

**Staff does not recommend the Department request. Staff recommendation is different from the Department request because of the 1.5 percent base personal services reduction. The recommendation includes \$291,587 in reappropriated funds to be received from the Wildlife Cash Fund. The remainder of the calculation is based on Committee common policy.**

<b>Summary of Recommendation – (7) Colorado Water Conservation Board Personal Services — Department of Natural Resources</b>				
	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Total</b>	<b>FTE</b>
FY 2010-11 Appropriation	2,607,190	296,027	2,903,217	30.0
Restore S.B. 10-146: 2.5 % PERA	57,863	0	57,863	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(1,743)	0	(1,743)	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(39,950)</u>	<u>(4,440)</u>	<u>(44,390)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>2,623,360</b>	<b>291,587</b>	<b>2,914,947</b>	<b>30.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(66,951)</u>	<u>0</u>	<u>(66,951)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>2,556,409</b>	<b>291,587</b>	<b>2,847,996</b>	<b>30.0</b>

### Operating Expenses

The Department request is shown in the table below.

<b>Summary of Request – (7) Colorado Water Conservation Board Operating Expenses — Department of Natural Resources</b>	
	<b>Cash Funds</b>
FY 2010-11 Appropriation	95,190
NP-1 Print Statewide Warrants (Pending)	170
DI-5 Increased Dues	<u>390,647</u>
<b>Total Request</b>	<b>486,007</b>

The staff recommendation is presented in the table below.

<b>Summary of Recommendation – (7) Colorado Water Conservation Board Operating Expenses — Department of Natural Resources</b>	
	<b>Cash Funds</b>
FY 2010-11 Appropriation	95,190
NP-1 Print Statewide Warrants (Pending)	0
DI-5 Increased Dues	<u>377,571</u>
<b>Total Recommendation</b>	<b>472,761</b>

- **Decision Item - 5. Increased Dues.** The CWCB requests \$13,076 cash funds (CWCB Construction Fund) to pay the increase in dues assessed by 1) the Western States Water Council (WSWC), and 2) the Upper Colorado River Commission (UCRC). In addition, the CWCB is requesting to abolish two long bill line items - Interstate Compacts for \$350,071 and Western States Water Council Dues for \$27,500, and incorporate the funding of these line items into the Operating Expenses line item.

<b>DI-5. Increased Dues. Request.</b>	
CWCB, (A) Administration, Operating Expenses	\$390,647
CWCB, (A) Administration, Interstate Compacts	(350,071)
CWCB, (A) Administration, Western States Water Council Dues	<u>(27,500)</u>
<b>Total Request for DI-5</b>	<b>\$13,076</b>

Staff notes that the Operating Expenses line item reverted \$9,810 in FY 2009-10 and the Interstate Compacts line item reverted \$22,082 in FY 2009-10 for a total combined reversion of \$31,892. Staff believes that as the Department explains in its request below, there are certain operational efficiencies that will be achieved by the Department if the WSWC and Interstate Compacts line items are merged into the Operating Expenses line item. As the Department states, this should allow the Department flexibility to use funds for the fee increases without needing to submit a change request. Staff also notes that given the \$31,892 in reversions, an increase in appropriations is not necessary. **Staff recommends the merger of the Interstate Compacts and Western States Water Council Dues line items into the Operating Expenses line item, however, staff does not recommend the increase of \$13,076 to the Operating Expenses line item. Staff recommendation is shown in the table below:**

<b>DI-5. Increased Dues. Recommendation.</b>	
CWCB, (A) Administration, Operating Expenses	\$377,571
CWCB, (A) Administration, Interstate Compacts	(350,071)
CWCB, (A) Administration, Western States Water Council Dues	<u>(27,500)</u>
<b>Total Recommendation for DI-5</b>	<b>\$0</b>

**The Department request for DI-5 is presented in the narrative below.**

The increase of \$13,076 is made up of the following two components:

- An increase of \$2,500 annually in WSWC dues. With this increase, total WSWC dues for FY 2011-12 will be \$30,000.
- An increase of \$10,576 annually in UCRC dues. With this increase, total USRC dues for FY 2011-12 will be \$184,239.

The mission of the CWCB is to develop, conserve, protect, and manage the state's water for present and future generations. In order to accomplish this, the CWCB must comply

with – and enforce other states’ compliance with – interstate compacts, Supreme Court decisions, and multi-state agreements. The WSWC and the UCRC are two of the many interstate water organizations that CWCB participates in. The specific goals and mandates of these organizations vary, depending on the watershed in question and other factors, but broadly put, CWCB’s participation in interstate councils/commissions provides the state with a number of general benefits; CWCB’s participation:

- ✓ Allows Colorado to continue its participation in compact administration and compact-related matters.
- ✓ Protects Colorado’s water interests at both the micro and macro level.
- ✓ Creates and enhances opportunities to bring federal funding to Colorado.
- ✓ Allows Colorado to effectively protect Colorado’s interests in the face of increasing efforts needed to limit other states to their compact apportionment.
- ✓ Allows the CWCB to maintain the relationships necessary to address obstacles to water development projects.

The WSWC is an organization consisting of representatives appointed by the governors of 18 western states, chartered in 1965. The Council has four general goals: (1) to accomplish effective cooperation among western states in the conservation, development and management of water resources; (2) to maintain vital state prerogatives, while identifying ways to accommodate legitimate federal interests; (3) to provide a forum for the exchange of views, perspectives, and experiences among member states; and (4) to provide analysis of federal and state developments in order to assist member states in evaluating impacts of federal laws and programs as well as the effectiveness of state laws and policies.

The UCRC oversees federal operations of specific reservoir projects that provide water to Colorado water users. The UCRC is established by federal and state laws, and has been enacted in Colorado and the other upper basin states. The UCRC has many enumerated authorities, including the authority to: 1) conduct research and studies of an engineering and hydrologic nature related to the operation of the Colorado River reservoirs; 2) collect and compile documents for the legal library relating to the utilization of waters of the Colorado River system; 3) provide legal analysis of associated laws, court decisions, reports and problems; 4) participate in activities and provide comments on proposals that would increase the beneficial consumptive uses in the upper basin; and 5) cooperate with water agencies of the Colorado River basin states on water and water-related problems.

Both the WSWC and the UCRC establish yearly operating budgets, of which the State of Colorado pays an established percentage or portion for dues (also described as assessments), in accordance with Sections 37-62-101 through 105, C.R.S. (2010). The dues are funded each year through two separate line items (Interstate Compacts and Western States Water Council) in the Long Bill.

CWCB is also requesting the consolidation of the Interstate Compacts and Western States

Water Council Dues Long Bill line items into the existing Operating Expenses line item. The Department states that this makes sense from an organizational and management standpoint. The various dues paid by the CWCB are part of the day-to-day cost of operating the Division, and combining these three line items will allow greater flexibility with regards to handling future dues increases. Rather than seeking increased line item funding (in the form of decision items) every year to cover minor/incremental dues increases, CWCB staff can simply prioritize allocations within the Operating Expenses line item and make additional funding available for dues if necessary. The CWCB believes that the increased flexibility contained in this request should result in fewer decision items of this nature in the future.

**Interstate Compacts**

Funding from the Interstate Compacts lin item helps the CWCB to maintain the State's ability to utilize and develop its entitlements under interstate compacts and equitable apportionment decrees in accordance with state water law. Pursuant to statute, both the Colorado Water Conservation Board and the Division of Water Resources participate in various capacities in interstate water compacts and related associations. The interstate organizations were established to promote communication between state and federal agencies, in support of compact agreements.

<u>Division</u>	<u>Area</u>
Colorado Water Conservation Board	Upper Colorado River Arkansas River Colorado River Basin Salinity Control
Division of Water Resources	South Platte River Republican River Rio Grande River Costilla Creek Animas-LaPlata LaPlata River

\* State Engineer (Division of Water Resources) administers all of the water covered by the compacts.

- **Decision Item - 5. Increased Dues.** Through DI-5, the Department requests the elimination of this line item and the merger of \$350,071 in funding within the Operating Expenses line. This decision item was discussed above. **Staff recommends the elimination of the line and the inclusion of \$350,071 in the Operating Expenses line above.**

**Western States Water Council Dues**

This line item supports Colorado's membership in this multi-state organization which meets quarterly on national water policy and federal regulations impacting the water interests of western states. The Western States Water Council is a subgroup of the Western Governor's Association. The Council discusses and advises on water policy issues (state and federal), testifies before



Congress on federal regulations and issues affecting western states, and shares information on litigation in other states.

- **Decision Item - 5. Increased Dues.** Through DI-5, the Department requests the elimination of this line item and the merger of \$27,500 in funding within the Operating Expenses line. This decision item was discussed above. **Staff recommends the elimination of the line and the inclusion of \$27,500 in the Operating Expenses line above.**

**River Decision Support Systems**

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

- Develop accurate, user-friendly databases that are helpful in the administration and allocation of water of the State of Colorado;
- provide data, tools, and models to evaluate alternative water administration strategies, which can maximize utilization of available resources in all types of hydrologic conditions;
- be a functional system that can be used by decision makers and be maintained and upgraded by the State;
- promote information sharing among government agencies and water users.

Use and maintenance of the CDSS is a joint effort of the CWCB and DWR. The two agencies work closely together. The DWR is responsible for all CDSS data collection, database work development, and operation of all CDSS administration tools. The CWCB is the State's primary water resource planning agency and therefore, is responsible for the development and operation of that portion of the CDSS. The Water Information Section was formed in 2007 to focus on the water information needs of the CWCB. In general, the section is responsible for supporting the CWCB with IT, water information, GIS, and decision support system in general.

The Department request is for \$453,165 cash funds (CWCB Construction Fund) and \$.0 FTE. **Staff does not recommend the Department request. Staff recommendation for this line item is \$447,881 (CWCB Construction Fund) and 4.0 FTE and is calculated using Committee common policy and is shown in the table below.**

<b>Summary of Request– (7) Colorado Water Conservation Board River Decision Support Systems — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
Personal Services Estimate	343,355	4.0
Operating Expense Estimate	109,810	0.0

<b>Summary of Request– (7) Colorado Water Conservation Board River Decision Support Systems — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
FY 2010-11 Appropriation	453,165	4.0
Restore S.B. 10-146: 2.5 % PERA	10,907	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(2,004)	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(5,284)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>456,784</b>	<b>4.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(8,903)</u>	<u>0.0</u>
<b>Total Request</b>	<b>447,881</b>	<b>4.0</b>

**(B) Special Purpose**

**Intrastate Water Management and Development**

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

In 2006, the funding was recommended in a separate line item, and it was anticipated that it would be required for the next few years. Funding was approved in the Long Bill rather than the annual (water) Projects bill, because of the on-going nature of the operational funding need.

According to findings of the Colorado Statewide Water Supply Initiative (SWSI), by 2050 Colorado's net municipal and industrial (M&I) water supply gap could range between 200,000 and 600,000 acre-feet. The study only addresses the M&I gap. The study has developed a tool to help estimate the cost to address Colorado's 2050 M&I water supply needs. According to some estimates, the cost may reach as high as \$18.0 billion.

In 2004, the Colorado Water Conservation Board (CWCB) completed the Statewide Water Supply Initiative (SWSI) Phase 1 Study. One of the key findings of the study was that while SWSI evaluated water needs and solutions through 2030, very few municipal and industrial (M&I) water providers have identified supplies beyond 2030. Beyond 2030, growing demands may require more aggressive solutions. Since the SWSI Phase 1 Study was completed, the General Assembly established the Water for the 21<sup>st</sup> Century Act (H.B. 05-1177). This act established an Interbasin Compact Process that provides a permanent forum for broad-based water discussions in the state. It created two new structures: 1) the Basin Roundtables, and 2) the Interbasin Compact Committee (IBCC). There are nine basin roundtables based on Colorado's eight major river basins and the Denver metro area. The Act charged the Basin Roundtables to develop their consumptive and non-consumptive needs assessments and to propose projects and methods to meet those needs.

These needs assessments are the basis for the CWCB's SWSI 2010 update, making SWSI 2010 the

first comprehensive update to incorporate the needs assessment work of the Basin Roundtables. SWSI 2010 is intended to be a comprehensive picture of Colorado's current and future water needs. The CWCB intends on updating and refining the SWSI every few years.

In 2006, to help address Colorado's future water needs, the General Assembly passed S.B. 06-179, which established the Water Supply Reserve Account (WSRA). The WSRA is intended to help Coloradans identify and meet their critical water supply needs. The WSRA receives transfers up to \$10.0 million from the Operational Account of the Severance Tax Trust Fund. Monies from the WSRA may be used to identify water supply needs in each river basin, evaluate available water supplies in each basin, build projects or implement other solutions to meet water supply needs in each of Colorado's river basins.

The WSRA is administered by the Intrastate Water Management and Development section of the Colorado Water Conservation Board in collaboration with the Interbasin Compact Committee (IBCC) and the nine Basin Roundtables established under H.B. 05-1177 (Section 37-75-104, C.R.S.). Requests for funding begin at the Basin Roundtables and are subsequently forwarded to the CWCB.

**Staff recommends an appropriation of \$470,464 cash funds ( Colorado Water Conservation Board Construction Fund) for continuing work on the SWSI project.**

**Federal Emergency Management Assistance**

This federally-funded program provides flood plain mapping and flood prevention services. In FY 2005-06, the CWCB requested and was provided an increase (\$99,248) to receive FEMA moneys for flood plain mapping and flood prevention services. These additional moneys cover costs for 1.0 FTE (funded 25/75 with state and federal funds. The Department request fort this line item is \$143,826 (\$13,941 CWCB Construction Fund and \$129,885 federal funds). **Staff does not recommend the Department request. Due to the fact that there is cash funding for this program, staff is applying the Committee common policy for a 1.5 percent personal services reduction. Staff recommends \$141,634 (\$13,732 CWCB Construction Fund and \$127,902 federal funds) and 2.0 FTE.**

<b>Summary of Recommendation– (7) Colorado Water Conservation Board Federal Emergency Management Assistance — Department of Natural Resources</b>				
	<b>Cash Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>	<b>FTE</b>
FY 2010-11 Appropriation	13,593	130,554	144,147	2.0
Restore S.B. 10-146: 2.5 % PERA	348	1,625	1,973	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(209)</u>	<u>(1,983)</u>	<u>(2,192)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>13,732</b>	<b>130,196</b>	<b>143,928</b>	<b>2.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>0</u>	<u>(2,294)</u>	<u>(2,294)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>13,732</b>	<b>127,902</b>	<b>141,634</b>	<b>2.0</b>

### **Weather Modification**

Sections 36-20-101 through 127, C.R.S., authorize the Department to regulate weather modification activities. Cash funds support the line item, through a portion of a minimum \$100 fee charged for a weather modification permit. If the operation is a commercial project, Section 36-20-113, C.R.S. provides that the fee shall be sufficient to pay the direct costs of the review of the permit application. Division staff report this is typically 2.0 percent unless waived by the Director.

Colorado has had weather modification operations and research conducted in the State since the 1950s and there has been a program to permit weather modification since 1972. After the significant drought that began in early 2000, many new weather modification permits have been developed. Administration of Colorado's Weather Modification Permit Program is the responsibility of the Executive Director of the Department of Natural Resources. This responsibility was delegated to the Director of the Colorado Water Conservation Board in 1987. In 1996, the General Assembly decided that the State should continue to issue permits in order to monitor and keep the public informed about weather modification activity. While weather modification licenses were eliminated, the qualifications for operating a weather modification program were made part of the permitting process. The Weather Modification program resides within the Flood Protection Section of the CWCB. The Weather Modification program has the spending authority for up to \$25,000, but can only spend the amount of funds collected in fees for the permits.

This line item reflects costs incurred in administering activities such as cloud seeding for agricultural lands. These regulatory functions include: conducting required public hearings, evaluating annual reports from operators, revising permits as necessary, and evaluation of the environmental and public safety impact of the permit requests. In FY 2004-05, spending for this line item was increased to accommodate a large number of new winter cloud seeding operations. Weather modification programs provide benefits to various industries that affect the Colorado economy. Additional snow pack created by cloud seeding can extend the ski season and can increase stream flow for rafting, boating, fishing and wildlife. The FY 2010-11 request is for a continuing level of \$25,000.

**Staff recommends the Division's request for \$25,000 cash funds.** The cash funding is from permit fees authorized pursuant to Section 36-20-113 (1), C.R.S.

### **Water Conservation Program**

Section 37-60-124, C.R.S. established the Office of Water Conservation and Drought Planning (OWCDP) to promote water use efficiency and authorizes the program's support from the Water Conservation Board Construction Fund. This line item funds the costs of administering municipal and agricultural grants and the provision of technical and financial assistance pursuant to statute. The OWCDP also promotes drought planning by encouraging and assisting communities to prepare and implement drought mitigation plans and by monitoring drought impacts and informing

the public, media, and state officials. The Department requests \$283,777 CWCB Construction Fund and 4.0 FTE. **Staff does not recommend the Department request. Staff recommendation is for \$279,941 cash funds (CWCB Construction Fund) and 4.0 FTE.**

<b>Summary of Recommendation– (7) Colorado Water Conservation Board Water Conservation Program — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
Personal Services Estimate	250,536	4.0
Operating Expense Estimate	<u>33,241</u>	—
FY 2010-11 Appropriation	283,777	4.0
Restore S.B. 10-146: 2.5 % PERA	5,225	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(3,836)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>285,166</b>	<b>4.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(5,225)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>279,941</b>	<b>4.0</b>

**H.B. 05-1254 Water Efficiency Grant Program**

The Water Conservation Act of 2004, adopted by the 2004 Colorado General Assembly under HB04-1365, not only expanded the responsibilities of the Office of Water Conservation and Drought Planning (OWCDP) to include providing technical assistance for drought planning, but it also added additional plan elements required for all water conservation plans submitted for State approval. Following on the heels of the 2002 drought, the legislature recognized the need to provide a strong incentive for conservation and drought planning. Thus, the Legislature created a mechanism for the Colorado Water Conservation Board, through the OWCDP, to provide grant monies for water conservation and drought mitigation planning.

The Water Efficiency Grant Program offers financial assistance, in the form of grants, to covered entities to aid in implementing their water conservation plan goals and programs identified in their locally adopted water conservation plans. The Program also gives grants to help agencies promote the benefits of water efficiency through public education and outreach programs. The Water Efficiency Grant Program provides financial assistance to covered entities and qualifying agencies that are seeking to perform or promote more meaningful water conservation statewide.

Pursuant to Section 37-60-126 (12) (a) (III), C.R.S.:

"(III) For each fiscal year beginning on or after July 1, 2010, the general assembly shall appropriate from the fund to the board up to five hundred thousand dollars annually for the purpose of providing grants to covered entities, other state and local governmental entities, and agencies in accordance with this subsection (12). Commencing July 1, 2008, the general assembly shall also appropriate from the fund to the board fifty thousand dollars each fiscal year to cover the costs associated with the administration of the grant program and the requirements of section 37-60-124. Moneys appropriated pursuant to this subparagraph (III) shall remain available until expended or until June 30, 2020, whichever occurs first."

Staff does not recommend the Department request of \$600,029 Water Efficiency Grant Program Cash Fund and 1.0 FTE. **Staff recommends funding \$598,788 Water Efficiency Grant Program Cash Fund and 1.0 FTE.**

<b>Summary of <u>Recommendation</u>– (7) Colorado Water Conservation Board H.B. 05-1254 Water Efficiency Grant Program — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
Personal Services Estimate	82,749	1.0
Operating Expense (including grants) Estimate	<u>517,280</u>	—
FY 2010-11 Appropriation	600,029	1.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(1,241)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>598,788</b>	<b>1.0</b>
	<u>0</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>598,788</b>	<b>1.0</b>

**Severance Tax Projects**

This line item is used to support short-term projects with funds from the Operational Account of the Severance Tax Trust Fund. The CWCB annually solicits applications for projects to be funded from this line item from agency initiatives and grant requests submitted by other parties. Proposals are forwarded to the state Minerals, Energy, and Geology Policy Advisory Board (MEGA) for review and approval. MEGA Board recommendations are forwarded to the CWCB Board and the DNR Executive Director for review and approval. DNR includes approved projects in its budget request.

The projects include the following types of activities: groundwater studies, production of maps, water conservation facilitation, educational information, water infrastructure development, environmental protection, stream restoration, and flood hazard mitigation. Examples of prior year projects include water supply protection (regional planning, coalbed methane technical studies, groundwater atlas), water conservation planning (drought planning and water education projects), and flood protection program funding (Grand Junction Drainage District master plan, Poudre River floodway improvements, and Fountain Creek watershed plan).

**Staff notes that the Committee could flag this line item in case of a need for additional FY 2010-11 or 2011-12 transfers into the General Fund are needed.**

**Staff recommends an appropriation of \$1,275,500 cash funds from the Operational Account of the Severance Tax Trust Fund (Section 39-29-109.3 (1) (d), C.R.S.) for this line item. The staff recommendation is the same as the Department request.**

**H.B. 05-1177 Negotiation of Interbasin Compacts**

House Bill 05-1177 created nine permanent basin roundtables, one in each of the eight water divisions and one subregion roundtable consisting of the metro area. Each roundtable consists of

representatives of local governments and water districts, as well as members representing stakeholders and outside interests that own water rights within the basin. The bill specified that the member of the Colorado Water Conservation Board residing within each roundtable will act as a liaison between the board and the Interbasin Compact Committee, and coordinate the Board's policies and resources. For FY 2005-06, the bill appropriated \$247,044 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Department of Natural Resources, Colorado Water Conservation Board. For FY 2006-07, the bill appropriated \$237,444 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Department of Natural Resources, Colorado Water Conservation Board.

Starting with FY 2007-08, this line item was transferred to a new line item entitled "Interbasin Compacts". Thus, **the Committee does not need to take action on this line.**

### **Interbasin Compacts (H.B. 06-1400)**

House Bill 06-1400 approved the interbasin compact charter, pursuant to the provisions of H.B. 05-1177. The bill required the Revisor of Statutes to publish the full text of the charter in the Colorado Revised Statutes as non-statutory matter. The bill also moved water districts 60, 61 and 63 from the Gunnison basin roundtable to the Dolores, San Miguel, and San Juan basins roundtable.

The bill also created the Office of Compact Negotiations within the Governor's Office, and specified that money's from the Severance Tax Trust Fund may be used to fund the activities of the interbasin roundtables. In FY 2007-08, this line item merged the provisions of HB 05-1177 and HB 06-1400 into one line and appropriated \$1,108,425 (Operational Account of the Severance Tax Trust Fund) and 1.7 FTE.

For the FY 2008-09 budget, the Department submitted a request for 2.0 FTE additional staff and funding. The FY 2008-09 appropriation was set at 3.7 FTE and \$1,113,995 cash funds from the Operational Account.

**H.B. 08-1398** created the Interbasin Compact Committee Operation Fund (Section 37-75-107, C.R.S.) and continuously appropriated funds transferred to the Fund from the Operational Account.

Section 39-29-109.3 (2)(i)(I)(A), C.R.S., transfers \$1,145,067 on July 1, 2008. Section 39-29-109.3 (2)(i)(II), C.R.S., transfers \$745,067 on July 1, 2009 and for each state fiscal year thereafter.

In effect, Section 37-75-107, C.R.S., stripped the line from the need of an appropriation. The Department states that it still needs the 3.7 FTE in order to implement this program. The Department requests that the 3.7 FTE be left in the line and the \$1,145,067 be listed with a letternote stating that funding for this line item is from the Interbasin Compact Committee Operation Fund and is shown for informational purposes. In FY 2010-11, the letternote was amended to read that \$745,067 shall be from the Interbasin Compact Committee Operation Fund and \$400,000 shall be from reserves in the CWCB Construction Fund.

Staff does **not** recommend the Department's request for 3.7 FTE and \$1,145,067 cash funds. Staff recommends \$1,141,167 (\$745,067 Interbasin Compact Committee Operation Fund and \$396,100 CWCB Construction Fund) and 3.7 FTE.

Summary of <u>Recommendation</u> – (7) Colorado Water Conservation Board Interbasin Compacts — Department of Natural Resources		
	Cash Funds	FTE
Personal Services Estimate	260,000	3.7
Operating Expense Estimate	<u>885,067</u>	—
FY 2010-11 Appropriation	1,145,067	3.7
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(3,900)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>1,141,167</b>	<b>3.7</b>
	<u>0</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>1,141,167</b>	<b>3.7</b>

**Platte River Basin Cooperative Agreement**

Colorado became a participant in The Platte River Basin Endangered Species Cooperative in 1997. The Cooperative Agreement is a three-year agreement signed by the governors of Wyoming, Colorado, and Nebraska and by the Secretary of the Interior to address the protection and restoration of various endangered species habitats along the North Platte River. The appropriation supports 1.0 FTE and contractual personal services for ongoing administration of the program and Colorado's portion of contract technical support. **Staff does not recommend the Department request. Staff recommends funding \$231,534 cash funds (Fish and Wildlife Resources Fund) and 1.0 FTE.**

Summary of <u>Recommendation</u> – (7) Colorado Water Conservation Board Platte River Basin Cooperative Agreement — Department of Natural Resources		
	Cash Funds	FTE
Personal Services Estimate	123,071	1.0
Operating Expense Estimate	<u>107,828</u>	—
FY 2010-11 Appropriation	230,899	1.0
Restore S.B. 10-146: 2.5 % PERA	2,519	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(1,884)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>231,534</b>	<b>1.0</b>
	<u>0</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>231,534</b>	<b>1.0</b>

**S.B. 02-87 Colorado Watershed Protection Fund**

Senate Bill 02-87 created an income tax checkoff to allow citizens to support local watershed efforts by making a voluntary contribution. **Staff recommends the request for a continuation appropriation of \$119,942 (Colorado Watershed Protection Fund).**



**Indirect Cost Assessment**

**Staff recommends the Department's request for \$588,748 for the purpose of indirect cost recoveries (\$577,833 CWCB Construction Fund and \$10,915 federal funds).** This appropriation will be used to offset the need for General Fund for overhead expenses appropriated in the Executive Director's Office. After the JBC's figure setting decisions have been made, JBC staff will work with the Department to determine whether any revisions to the indirect cost plan will be required. If changes in indirect cost recoveries are necessary, staff will present them to the JBC for final approval prior to the introduction of the Long Bill.

**Water Construction Fund Bill**

This line item is shown in the JBC staff numbers pages for informational purposes only.

## **(8) WATER RESOURCES DIVISION**

This division, also called the Office of the State Engineer, is created in Section 37-80-101, C.R.S., and is primarily responsible for administration of water resources, which includes the following functions:

- Daily oversight of allocation within the state and downstream interstate compact compliance, monitoring of water supply through streamflow measurements, and groundwater regulation.
- The division is also responsible for ensuring public safety through regulating dam safety and groundwater well construction.
- The Division oversees seven field offices that monitor and distribute water based on priority, as well as ensure dam safety. Activities performed include dam inspections, well permitting, community education and involvement, consultation with water suppliers and conservation districts, and ongoing administration of interstate compacts and federal decrees.
- Finally, the office collects, preserves, and provides current and historic water records and information.

The Water Resources Division receives approximately 90.0 percent (including potted items) of the Department's total General Fund appropriation. The majority of the Division's General Fund appropriation is attributable to personal services costs.

### **Additional Options to Balance General Fund Shortfall for FY 2011-12**

JBC staff provided the Committee with a list on January 25, 2011, titled "Potential Actions to Balance the Budget". On that list, JBC staff presented two plausible options for refinancing General Fund with cash funds from fees in the Division of Water Resources. Both options would require legislation. The options are briefly discussed below.

1. The General Assembly could run a bill similar to S.B. 03-278, creating a Water Administration Fee Program. This bill was estimated to refinance approximately \$1.4 million General Fund with cash funds from a water administration fee. Staff notes that less than a year after implementation, S.B. 03-278 was repealed by H.B. 04-1402.

The DWR does not recommend this option be pursued, due to high implementation costs and legal concerns stemming from experience gained under Senate Bill 03-278. Thus, the Water Administration Fee Program is the least preferred alternative to cash funding DWR.

Numerous problems were encountered and unresolved with the implementation of SB 03-278 and serve as a basis for DWR's position against using this as a cash funding option for

the agency.

- Senate Bill 09-216 sought to refinance a portion of the Division of Water Resources' personal services, operating, and indirect cost lines with cash funds obtained through increasing existing application fees. That proposal did not include the addition of new fees.

Staff requested an analysis on a program similar to Senate Bill 09-216, including an estimate of anticipated revenue if a bill were implemented in FY 2011-12. If a similar program were implemented, existing fees would be increased, including but not limited to, well permit fees and Substitute Water Supply Plan fees. A refinance would require statutory changes to implement.

The current well permit fee is \$100; this analysis indicates that the well permit fee would increase to \$850.

The current Substitute Water Supply Plan fee is \$300; this analysis indicates that the Substitute Water Supply Plan fee would increase to \$2,000.

The total estimated revenue generated from an increase in existing fees is \$2,477,096.

The table below shows the staff appropriations recommendation for the Division of Water Resources for FY 2011-12.

Category	GF	CF	RF	FF	Total	FTE
<b>(8) Water Resources Division Current Appropriation</b>	<b>\$18,830,386</b>	<b>\$1,805,368</b>	<b>\$0</b>	<b>\$135,060</b>	<b>\$20,770,814</b>	<b>252.1</b>
Restore S.B. 10-146: 2.5 % PERA	333,595	11,721	0	390	345,706	0.0
Restore FY 11 Supplemental 1.0 % GF Personal Services Cut	177,679	0	0	0	177,679	0.0
Indirect Cost Adjustment	0	11,677	0	1,443	13,120	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	(271,522)	(10,150)	0	0	(281,672)	0.0
Annualize H.B. 10-1250 Construction Fund Bill	0	(250,000)	0	0	(250,000)	0.0
FY 2010-11 Supplemental (S.B. 11-147)	(177,679)	0	0	0	(177,679)	0.0
Federal Grant Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,770)</u>	<u>(7,770)</u>	<u>0.0</u>

Category	GF	CF	RF	FF	Total	FTE
<b>Water Resources Division Base Recommendation</b>	<b>18,892,459</b>	<b>1,568,616</b>	<b>0</b>	<b>129,123</b>	<b>20,590,198</b>	<b>252.1</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(384,244)</u>	<u>(5,881)</u>	<u>0</u>	<u>0</u>	<u>(390,125)</u>	<u>0.0</u>
<b>(8) Water Resources Division Total Recommendation</b>	<b>\$18,508,215</b>	<b>\$1,562,735</b>	<b>\$0</b>	<b>\$129,123</b>	<b>\$20,200,073</b>	<b>252.1</b>
<b>Change</b>	<b>(\$322,171)</b>	<b>(\$242,633)</b>	<b>\$0</b>	<b>(\$5,937)</b>	<b>(\$570,741)</b>	<b>0.0</b>
<b>Percent Change</b>	<b>-1.7%</b>	<b>-13.4%</b>	<b>n/a</b>	<b>-4.4%</b>	<b>-2.7%</b>	<b>0.0%</b>

### Personal Services

Division of Water Resources Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
State Engineer, Deputy, Assistants	4.0	4.0	4.0	4.0
Administration (accounting, info. tech., public information, budgeting, records)	24.2	13.0	14.0	14.0
Water Division Staff	177.2	182.1	183.1	183.1
Engineering, Technology, Investigations	15.1	19.0	17.0	17.0
Water Supply, Compacts, Ground Water	<u>28.6</u>	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>
<b>Total</b>	<b>249.1</b>	<b>252.1</b>	<b>252.1</b>	<b>252.1</b>

Water Resources Division, Personal Services FY 2009-10 Actual Expenditures by Category	
<b>Program Area</b>	
Water Administration	\$17,916,486
Dam Safety	1,420,203
Well Inspection	<u>268,919</u>
<b>Total</b>	<b>\$19,605,608</b>

<b>Summary of Request – (8) Water Resources Division Personal Services — Department of Natural Resources</b>				
	<b>General Fund</b>	<b>CF</b>	<b>Total</b>	<b>FTE</b>
FY 2010-11 Appropriation	17,283,116	515,832	17,798,948	243.1
FY 2010-11 Supplemental (S.B. 11-147)	(172,831)	0	(172,831)	0.0
Restore S.B. 10-146: 2.5 % PERA	343,727	8,596	352,323	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(18,052)	0	(18,052)	0.0
Restore FY 11 Supplemental 1.0 % GF Personal Services Cut	172,831	0	172,831	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>17,608,791</b>	<b>524,428</b>	<b>18,133,219</b>	<b>243.1</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	(373,706)	(2,755)	(376,461)	0.0
BRI-2 2.0 % General Fund <u>Only</u> Personal Services Reduction	<u>(352,176)</u>	<u>0</u>	<u>(352,176)</u>	<u>0.0</u>
<b>Total Request</b>	<b>16,882,909</b>	<b>521,673</b>	<b>17,404,582</b>	<b>243.1</b>

**Staff recommendation for the personal services line for the Division of Water Resources is calculated in the table below. Staff recommends \$17,484,760 (\$16,970,953 General Fund and \$513,807 Ground Water Management Cash Fund and Well Inspection Cash Fund) and 243.1 FTE.**

<b>Summary of Recommendation – (8) Water Resources Division Personal Services — Department of Natural Resources</b>				
	<b>General Fund</b>	<b>CF</b>	<b>Total</b>	<b>FTE</b>
FY 2010-11 Appropriation	17,283,116	515,832	17,798,948	243.1
FY 2010-11 Supplemental (S.B. 11-147)	(172,831)	0	(172,831)	0.0
Restore S.B. 10-146: 2.5 % PERA	343,727	8,596	352,323	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(18,052)	0	(18,052)	0.0
Restore FY 11 Supplemental 1.0 % GF Personal Services Cut	172,831	0	172,831	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(264,132)</u>	<u>(7,866)</u>	<u>(271,998)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>17,344,659</b>	<b>516,562</b>	<b>17,861,221</b>	<b>243.1</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	(373,706)	(2,755)	(376,461)	0.0
BRI-2 2.0 % General Fund <u>Only</u> Personal Services Reduction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>16,970,953</b>	<b>513,807</b>	<b>17,484,760</b>	<b>243.1</b>

### **Operating Expenses**

This line item is largely supported with General Fund, but also contains cash funds, from the

Division of Water Resources Ground Water Management Cash Fund, the Well Inspection Cash Fund, the Water Data Bank Cash Fund, the Publication Cash Fund, and the Groundwater Publication Cash Fund.

The Department requests \$1,400,915 (\$961,407 General Fund and \$439,508 cash funds). The Department request includes \$941 for NP-1 Printing of Statewide Warrants and Mainframe Documents. Staff notes that NP-1 is pending Committee figure setting for the Department of Personnel. **Staff recommendation for funding the Operating Expenses line item is shown in the table below. Staff recommends \$1,399,974 (\$960,466 General Fund and \$439,508 cash funds Ground Water Management Cash Fund and Well Inspection Cash Fund)**

Summary of Recommendation – (8) Water Resources Division Operating Expenses — Department of Natural Resources			
	General Fund	CF	Total
FY 2010-11 Appropriation	960,466	439,508	1,399,974
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Continuation Estimate</b>	<b>960,466</b>	<b>439,508</b>	<b>1,399,974</b>
NP-1 Print Statewide Warrants (Pending)	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Recommendation</b>	<b>960,466</b>	<b>439,508</b>	<b>1,399,974</b>

**Interstate Compacts**

The United States government, pursuant to interstate compact agreements, assesses the Costilla Creek Compact administrative costs. Pursuant to statute, both the Division of Water Resources and the Water Conservation Board participate in various capacities in interstate water compacts and related associations. The interstate organizations were established to promote communication between state and federal agencies, in support of compact agreements. This line item supports compact dues as well as travel and other expenses associated with the State Engineer and/or his designate(s)' representation of Colorado at the various compact commissions. **Staff recommends the request for a continuation appropriation of \$76,002 General Fund for the Interstate Compacts line item.**

<u>Division</u>	<u>Area</u>
Colorado Water Conservation Board	Upper Colorado River Arkansas River Colorado River Basin Salinity Control
Division of Water Resources	South Platte River Republican River Rio Grande River Costilla Creek Animas-LaPlata LaPlata River

\* Note: the Division of Water Resources administers the actual water for all the compacts.

**Republican River Compact Compliance**

This line item funds staff to work on the Republican River Compact in order to fulfill Colorado's obligations under the Republican River Compact and the Final Settlement Stipulation, approved on December 15, 2002, by the United States Supreme Court in Kansas v. Nebraska and Colorado, No. 126 Original. The Republican River Compact was ratified in 1942 by the states of Colorado, Kansas, and Nebraska to provide an equitable mechanism to divide the water tributary to the Republican River Basin. The historical allocation of available waters among the three states is based on the application of beneficial use, which included both streamflow diversions and alluvial groundwater pumping. Interim decisions by the Special Master in the case who was appointed to hear the interstate lawsuit and the Final Settlement Stipulation approved by the U.S. Supreme Court, expanded the contributory sources of water supply (Streamflow and alluvial ground water) used in the calculation of each state's consumptive use and compact compliance to include ground water stored in the Ogallala aquifer. Prior to this decision to include this ground water, Colorado's 30,000 acre-feet consumptive use per year was less than the 54,100 acre-feet allocation under the compact. However, including the consumptive use from all ground water wells, combined with the seven year drought in the eastern high plains has caused Colorado to exceed its Republican River Compact allocations. The Final Settlement Stipulation requires Colorado to perform numerous tasks to ensure compliance with the compact and Supreme Court decision.

In FY 2008-09, the Committee funded a Department request to increase staffing for the program and implement a well measurement program.

The Department request is for \$307,872 General Fund and 5.0 FTE.

**Staff does not recommend the Department request. Staff recommendation is for \$309,422 General Fund and 5.0 FTE.**

<b>Summary of Recommendation – (8) Water Resources Division Republican River Compact Compliance — Department of Natural Resources</b>				
	<b>General Fund</b>	<b>CF</b>	<b>Total</b>	<b>FTE</b>
FY 2010-11 Appropriation	316,704	0	316,704	5.0
FY 2010-11 Supplemental (S.B. 11-147)	(3,056)	0	(3,056)	0.0
Restore S.B. 10-146: 2.5 % PERA	4,308	0	4,308	0.0
Restore FY 11 Supplemental 1.0 % GF Personal Services Cut	3,056	0	3,056	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(4,648)</u>	<u>0</u>	<u>(4,648)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>316,364</b>	<b>0</b>	<b>316,364</b>	<b>5.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	(6,942)	0	(6,942)	0.0

Summary of Recommendation – (8) Water Resources Division Republican River Compact Compliance — Department of Natural Resources				
	General Fund	CF	Total	FTE
BRI-2 2.0 % General Fund <u>Only</u> Personal Services Reduction	0	0	0	0.0
<b>Total Recommendation</b>	<b>309,422</b>	<b>0</b>	<b>309,422</b>	<b>5.0</b>

### **Satellite Monitoring System**

This line item supports satellite-linked water resource monitoring stations throughout the state. This system provides "real-time" stream flow information that is used by the Division, consumptive water users such as agricultural users, and other interested persons such as rafters and anglers. Stations record stream flow, and transmit the information to a database. Once on the database, the information is accessible via computer, telephone, and the Internet. Cash revenue is generated through fees from local conservancy districts, water users, user associations, and municipalities, pursuant to Section 37-80-111.5, C.R.S.

The Division of Water Resources began operating the Satellite-Linked Monitoring System in 1985, and the Division believes that it has become one of the most important and integral tools for the administration and management of Colorado's water resources. The data collected from over 500 gaging stations are used by clients that include the Division of Water Resources personnel, other state and federal agencies including Colorado Conservation Board and the United States Geological Survey, municipalities, canal companies, attorneys, and consulting engineers.

A large number of these locations are essential to the early flood warning system, low flow warning system, critical water rights, and inter-state compacts. The Department contends that reductions to this line item would significantly hinder the Division's ability to perform this service. The data collected by this program is valuable in drought periods. A major portion of the Satellite-Linked Monitoring System appropriation, approximately 51 percent, is used for personnel wages for an electronics technician and a satellite monitoring system coordinator. The electronics technician is responsible for the repair and maintenance of our existing gaging sites, as well as the installation of any new sties that may be required. The Satellite-Linked Monitoring System coordinator handles the coordination of the Division's Satellite-Linked Monitoring System within the agency, and with other state, county, and federal agencies in an ongoing effort to keep the Satellite-Linked Monitoring System operating efficiently. The balance of funds is used for necessary phone communications between the seven division offices and the Denver office. The balance is used for the purchase of supplies necessary for the maintenance and upkeep of the gaging sites and mileage for the technician to travel to and from the many sites.

The Department request is for \$395,347 (\$190,458 General Fund and \$204,889 Satellite Monitoring System Cash Fund) and 2.0 FTE.

**Staff does not recommend the Department request. Staff recommends the Committee approve \$396,261 (\$191,372 General Fund and \$204,889 Satellite Monitoring System Cash Fund) and 2.0 FTE.**



<b>Summary of Recommendation – (8) Water Resources Division Satellite Monitoring System — Department of Natural Resources</b>				
	<b>General Fund</b>	<b>CF</b>	<b>Total</b>	<b>FTE</b>
Personal Services (estimate)	179,199	0	179,199	2.0
Operating Expense (estimate)	<u>14,899</u>	<u>204,889</u>	<u>219,788</u>	—
FY 2010-11 Appropriation	194,098	204,889	398,987	2.0
FY 2010-11 Supplemental (S.B. 11-147)	(1,792)	0	(1,792)	0.0
Restore S.B. 10-146: 2.5 % PERA	3,612	0	3,612	0.0
Restore FY 11 Supplemental 1.0 % GF				
Personal Services Cut	1,792	0	1,792	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(2,742)</u>	<u>0</u>	<u>(2,742)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>194,968</b>	<b>204,889</b>	<b>399,857</b>	<b>2.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	(3,596)	0	(3,596)	0.0
BRI-2 2.0 % General Fund <u>Only</u> Personal Services Reduction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>191,372</b>	<b>204,889</b>	<b>396,261</b>	<b>2.0</b>

### **Augmentation of Water for Sand and Gravel Extraction**

This line item supports contracts for the evaluation of augmentation plans for extraction of sand and gravel, which are required by Section 37-90-137 (11) (a) and (b), C.R.S. Sand and gravel pit owners (applicants) must submit water augmentation plans. By statute, these plans must be reviewed by the Water Resources Division. Fees are collected from applicants obtaining a well permit for exposing ground water in the process of sand and gravel extraction. House Bill 06-1293 increased fees charged for obtaining a groundwater pumping permit, reactivating a mining operation, reviving an approved but expired water supply plan, and resubmitting a disapproved substitute water supply plan. The bill also increased fees for renewing a groundwater well pumping permit.

**Staff recommends the requested continuation of \$44,400 cash funds for FY 2011-12.** The source of cash funds is the Gravel Pit Lakes Augmentation Fund authorized in Section 37-90-137 (11) (f), C.R.S.

### **Dam Emergency Repair**

Pursuant to Section 37-87-108.5, C.R.S., this appropriation provides funding to the State Engineer in the event emergency action is necessary to repair a dangerous or threatened dam. Cash funds are from the emergency dam repair cash account within the Water Conservation Board Construction Fund. Pursuant to Section 37-60-122.5, C.R.S., a maximum amount of \$50,000 is continuously appropriated. Funds expended are recoverable from the dam owner. There has been no event requiring the use of these funds to date, but the appropriation reflects the continuous spending authority should a need arise. The request is for a continuation of the \$50,000 to be

reflected in the Long Bill for FY 2011-12.

**The staff recommendation is to continue to reflect the \$50,000 spending authority which is continuously appropriated.** As the funding is continuously appropriated, this is shown for informational purposes only and does not represent spending authority in the Long Bill.

**Federal Grant**

The requested amount of \$133,422 reflects the grants anticipated to be received. Part of the funding is from the Federal Emergency Management Agency (FEMA) to support the Division's Dam Safety program and there is a small sum from the U.S. Bureau of Reclamation to support a water project in the San Luis Valley and provide gauging station maintenance for the Williams Fork gauge in northwestern Colorado. Beginning in FY 2009-10, the Department received an additional grant from the USGS Hydrologic Data Stewardship Project. For FY 2011-12, the Department requests \$126,042 federal funds. This includes a restoration for the FY 2010-11 PERA 2.5 percent adjustment totaling \$390, an anticipated increase in Bureau of Reclamation Closed Basin Grant of \$3,230, and an anticipated decrease in USGS Hydrologic Data Stewardship Project (\$11,000). **Staff recommends reflecting the \$126,042 federal funds anticipated to be received for the grants.**

<b>Summary of Recommendation – (8) Water Resources Division Federal Grant — Department of Natural Resources</b>	
	<b>Federal Fund</b>
FY 2010-11 Appropriation	133,422
Restore S.B. 10-146: 2.5 % PERA	390
Increase for BOR Closed Basin Grant	3,230
USGS Hydrologic Data Project	<u>(11,000)</u>
<b>Continuation Estimate</b>	<b>126,042</b>
	<u>0</u>
<b>Total Recommendation</b>	<b>126,042</b>

**River Decision Support Systems**

The River Decision Support System represents a statewide decision support system for the Colorado, Rio Grande, South Platte, and Arkansas River Basins. The system has been implemented and is under maintenance for the Colorado and Rio Grande Rivers. The Department is in the final phase of development for the South Platte River Decision Support System. The system consists of databases and models that facilitate decision making related to interstate compacts, water resource planning, and water rights administration, through use of historic data and a geographic information system.

Water Management in the State of Colorado is governed by a series of interstate compacts, international treaties, state and federal laws, and U.S. Supreme Court decrees. In 1993 the Colorado legislature authorized the Colorado Water Conservation Board (CWCB) and the Division of Water Resources (DWR) to design and construct a system for the Colorado River

drainage. In 1997, an extension of this system was authorized for the Rio Grande basin. In 2002, an extension of this system was authorized for the South Platte basin. Long range plans of the CWCB and DWR are to include the Arkansas River Basin and thereby provide complete statewide coverage. These systems are collectively known as Colorado's Decision Support Systems (CDSS). The principle goal of the CDSS system is to provide the capability to provide factual information on which to make informed decisions concerning the management of Colorado water. The CDSS has resulted in significant benefits to the State of Colorado (Division of Water Resources, and Colorado Water Conservation Board), and the water users community, including agriculture, recreation (anglers, rafting, boating), safety, and conservation. Direct benefits include allowing decision-makers access to water resource data to simulate potential decisions and policies and examine potential consequences related to the following:

- Interstate Compact Policy, including evaluation of alternative reservoir operating policies, determination of available water for development and maximization of Colorado's apportionment.
- Water Rescue Planning, including development and use of a water resource-planning model (i.e. new projects, water exchanges, operating plans) and evaluation of impacts of instream flow appropriations (e.g. endangered fish flow, minimum flows).
- Water Rights Administration, including optimization of water rights administration, on-line sharing of information between water users, and administration of water rights within compact allocations (i.e., alternative strategies of administration which will enable the maximum use of available resource).

Both the Colorado Water Conservation Board and the Division of Water Resources share maintenance of the Decision Support System. By definition, maintenance begins in a basin when its development is essentially complete. Therefore, the Decision Support System maintenance program includes the Colorado River and Rio Grande Basins. Funds for this program have been provided both in the annual Colorado Water Conservation Board Construction Fund Bill (in support of development) and in the Long Bill (in support of ongoing costs starting in FY 1998-99). Appropriations have been made to both the Water Conservation Board and the Division of Water Resources.

The Department requests \$205,390 (CWCB Construction Fund) and 2.0 FTE.

**Staff does not recommend the Department request. Staff recommends an appropriation of \$203,106 cash funds (Colorado Water Conservation Board Construction Fund) and 2.0 FTE.**

<b>Summary of Recommendation – (8) Water Resources Division River Decision Support Systems — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
Personal Services (estimate)	149,118	2.0
Operating Expense (estimate)	<u>56,273</u>	<u>0.0</u>

<b>Summary of Recommendation – (8) Water Resources Division River Decision Support Systems — Department of Natural Resources</b>		
	<b>Cash Funds</b>	<b>FTE</b>
FY 2010-11 Appropriation	205,391	2.0
Restore S.B. 10-146: 2.5 % PERA	7,220	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(4,095)	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(2,284)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>206,232</b>	<b>2.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(3,126)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>203,106</b>	<b>2.0</b>

### **H.B. 03-1334 Temporary Interruptible Water Supply Agreement**

House Bill 03-1334 (Mitchell/Hillman) enabled water users to transfer the historical consumptive use of an absolute right for application to another type or place of use on a temporary basis, without permanently changing the water right. The legislation authorized the State Engineers to approve and administer interruptible water supply agreements that permit a temporary change in the point of diversion, location of use, and type of use of any absolute water right without the need for adjudication. In FY 2005-06, the funding associated with this legislation was separated out into its own line item, pursuant to the Division's request. The funding will only be expended in this area upon the request for the temporary interruptible water supply agreement and hence the revenues would be raised. The request is for a continuing level of funding. **Staff recommends the request for a continuing level of funding of \$61,589 cash funds from the Ground Water Management Cash Fund for FY 2011-12.**

### **S.B. 04-225 Well Enforcement**

The request is for a continuing level of \$1,489 cash funds pursuant to S.B. 04-225 (Sen. Hillman / Rep. Hoppe). This bill authorized the state engineer and ground water management districts to issue well permit enforcement orders to facilitate administration of designated ground water, including a requirement to provide records of energy used to pump ground water. This bill also authorized the state engineer to seek court enforcement of such orders, and it created a well enforcement cash fund for penalties collected pursuant to the provisions of the bill. The fund is to be used for the investigation and enforcement of violations of orders or to regulate ground water. The fiscal note estimated that the bill could be implemented with existing staff. This line item covers travel expenses. **Staff recommends the request for a continuing level of \$1,489 cash funds from the Well Enforcement Cash Fund for FY 2011-12.**

### **Indirect Cost Assessment**

**Staff recommends the Department's request for \$47,028 for the purpose of indirect cost recoveries. Based on staff recommendation in the EDO, staff recommends a total indirect cost assessment to the Water Resources Division of \$47,028, including \$43,947 cash funds**

**and \$3,081 federal funds.** This appropriation will be used to offset the need for General Fund for overhead expenses appropriated in the Executive Director's Office. After the JBC's figure setting decisions have been made, JBC staff will work with the Department to determine whether any revisions to the indirect cost plan will be required. If changes in indirect cost recoveries are necessary, staff will present them to the JBC for final approval prior to the introduction of the Long Bill.

**Expenditure of Water Project Bill Funds**

This line item is included in the JBC staff numbers pages to reflect the cash funds spending authority to water projects from the Colorado Water Conservation Board Construction Fund established pursuant to Section 37-60-121 (1) (a), C.R.S. **This is not a line item in the Long Bill, as such, staff is not recommending an amount for FY 2011-12.** Rather, any potential appropriations for CWCB Construction Fund projects will be included in a special bill.

H.B. 10-1250 appropriated in FY 2010-11 \$250,000 CWCB Construction Fund for Satellite Monitoring System maintenance, staff is reducing this line by \$250,000 to reflect the annualization of the appropriation.

## **(9) DIVISION OF WILDLIFE**

This division contains appropriations for the following programs:

**Wildlife Habitat.** This program supports habitat for the more than 900 game and non-game species in Colorado. Activities include operation and maintenance of roughly 256 State Wildlife Areas, identification of high priority wildlife habitat, conservation of high priority habitat, maintenance of instream flow, improvement of wildlife habitat (including water quality), improvement of habitat through cooperative projects on public and private lands, and providing comments to local, state, and federal agencies regarding the impact to wildlife of certain land use and permitting decisions.

**Wildlife Species.** This program preserves, protects, and enhances the viability of all Colorado wildlife species. This program includes: efforts to inventory wildlife species and determine their population status; projects to assess, restore, and acquire species habitat; studies to better understand species' life needs; and projects to transplant / re-introduce species to bolster population levels. For species with dangerously low population levels, the program develops and implements management plans with the intent of ensuring these species maintain viable population levels and do not become candidates for listing under the federal Endangered Species Act.

**Hunting Recreation.** This program funds the management of game species and their habitat, which includes habitat modification and improvement, predator control, herd inventory, development of herd objectives, and monitoring of harvest levels. This program also involves providing access to hunting on both public and private lands, managing the conflicts between big game and agricultural interests through the Habitat Partnership Program, compensating landowners for game related damage, and providing hunting information.

**Fishing Recreation.** This program seeks to provide fishing opportunities by expanding access to fishing waters, monitoring catch levels, studying and strategically managing fish populations, producing and stocking certain fish species, researching Whirling Disease and other fish health topics, and protecting water habitats.

**Watchable Wildlife.** This program provides wildlife viewing opportunities through the development, construction, and maintenance of watchable wildlife viewing facilities at state wildlife areas, at state parks, and on other public and private lands. This program also provides viewing guides, brochures, videos, and workshops aimed at educating the public regarding wildlife viewing.

**Law Enforcement.** This program seeks to enforce regulations pertaining to hunting and fishing to ensure public safety. Activities under this program include maintaining a field presence to deter illegal activity and inspect licenses, checking bag and possession limits, responding to complaints of illegal activities, investigating hunting accidents, and conducting special law enforcement

activities.

**Licensing.** This program handles the licensing of hunters and anglers in Colorado, including managing "limited" licensing draws where a random drawing is used to allocate a fixed number of licenses. This program includes working with private sales agents who sell licenses, as well as maintaining data about license holders in the Division's Colorado Outdoor Recreation Information System (CORIS) database.

**Wildlife Education.** This program is designed to provide public outreach and education to the citizens of Colorado on wildlife protection and recreation issues. Activities include providing the public with information on how to live in harmony with wildlife and how to enjoy wildlife recreation, as well as providing basic ecological and scientific information to interested members of the public.

**Wildlife Information.** This program is responsible for providing information about wildlife related recreation to the public. This information includes explanations of applicable statutes and regulations, how to apply for limited licenses, and how to enjoy wildlife related recreation safely. Information is provided through brochures, radio programs, videos, maps, magazines, the Internet, and newsletters.

**Customer Service.** This program maintains 16 customer service centers through the State, as well as managing a telephone call center in the Denver headquarters office. These centers respond to customer inquiries, respond to calls about nuisance wildlife, and sell licenses and other Division products to the public.

**Public Policy.** This program is designed to analyze public satisfaction with wildlife resource management by the Division and develop a policymaking process which includes the public. Activities under this program include establishing wildlife regulations, surveying public opinion, holding public meetings, and analyzing wildlife related policy issues.

**Human Resources.** This program is responsible for the hiring of new Division staff, evaluating and providing staff training, overseeing basic training for new law enforcement officers, developing a diverse workforce, and working with Colorado colleges and universities to offer scholarships, internships, mentoring, volunteer experiences, and summer jobs to students.

**Internal Systems.** This program provides computer and professional support for all Division programs and activities. Related functions include the following: accounting and finance; supporting employee computers, telecommunications equipment, and the Division's website; preparing contracts and legal documents; applying for and monitoring grant expenditures; maintaining Division facilities, and equipment; providing Division planning, and budgeting; providing engineering/design support for proposed construction projects; and managing construction projects.

Note: Pursuant to the provisions of Section 33-1-103(9.5), C.R.S., the Division of Wildlife is an enterprise (see H.B. 01-1012). As such revenue received by the Division is exempt from Article X, Section 20 of the Constitution. In addition to revenue received by the Division for fines and fees, the Division receives some funding from Great Outdoors Colorado. These funds are also exempt from state revenue limits, and are shown in the Long Bill for informational purposes only.

In FY 2006-07, the JBC approved the Division's request to consolidate these line items into four line items: (1) Director's Office, (2) Wildlife Management, (3) Technical Services, and (4) Information Technology.

The Division of Wildlife receives revenues totaling approximately \$117.4 million. Approximately \$73.8 million (63.0 percent) of total revenues to the Division come from hunting and fishing license sales. About \$41.8 million (57.0 percent) of hunting and fishing license revenues come from the sale of non-resident big game hunting licenses. The table below shows total revenue to the Division.

<b>Division of Wildlife Total Revenue Sources</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Actual</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>
Hunting and Fishing Licenses	\$81,000,000	\$80,100,000	\$78,200,000	\$73,800,000
Federal Funds	15,300,000	20,300,000	21,300,000	21,200,000
GOCO Distributions	8,600,000	20,400,000	18,100,000	11,200,000
Other	<u>13,700,000</u>	<u>15,200,000</u>	<u>11,800,000</u>	<u>11,200,000</u>
<b>Total DOW Revenues</b>	<b>\$118,600,000</b>	<b>\$136,000,000</b>	<b>\$129,400,000</b>	<b>\$117,400,000</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Division of Wildlife's operating funding of \$99.3 million (\$87.2 million plus approximately \$12.1 million in centrally appropriated line items) represents 40.4 percent of the Department's total operating budget. The following table shows the Division's various operating revenue sources (excluding centrally appropriated line items).

<b>Division of Wildlife Operating Appropriations by Revenue Source</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Approp.</b>	<b>FY 11-12 Request</b>
Wildlife Cash Fund	\$64,516,941	\$58,004,074	\$62,766,966	\$62,862,942
Federal Funds	12,419,269	15,068,571	10,814,973	10,875,308
GOCO Board Grants	6,167,923	6,218,356	6,200,000	6,200,000
Habitat Partnership Cash Fund	2,146,531	2,236,253	2,500,000	2,500,000



<b>Division of Wildlife Operating Appropriations by Revenue Source</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Approp.</b>	<b>FY 11-12 Request</b>
Wildlife Aquatic Nuisance Species (Severance Tax Operational Account S.B. 08-226)	1,364,172	1,872,538	1,304,544	1,304,544
Operational Account of Severance Tax	1,292,059	1,345,098	1,620,356	0
Cash Grants	1,479,966	1,216,449	150,000	150,000
Public Education Donation	1,078,791	1,047,553	1,100,000	1,100,000
Colorado Outdoor Magazine Subscriptions	493,156	470,474	550,000	555,000
Non-game Wildlife Voluntary Tax Contributions	0	0	0	0
Other	<u>160,707</u>	<u>167,713</u>	<u>215,000</u>	<u>215,000</u>
<b>Total DOW Operating Appropriations</b>	<b>\$91,119,515</b>	<b>\$87,647,079</b>	<b>\$87,221,839</b>	<b>\$85,762,794</b>

### **Additional Options to Balance General Fund Shortfall for FY 2011-12**

#### **Wildlife Cash Fund**

In the past couple of years members have inquired about the possibility to transfer Wildlife Cash Fund dollars to the General Fund for budget balancing purposes. The Division of Wildlife received approximately \$117.4 million in revenue in FY 2009-10, of this revenue, \$73.4 million was from hunting and fishing licenses and \$21.2 million was from federal funds.

Colorado agreed to the stipulations of the federal Pittman-Robertson act in Section 33-1-117, C.R.S. Through this act, the United States aids the Division of Wildlife in wildlife restoration projects and other purposes. The assent further stipulates that no moneys accruing to the Division pursuant to such act shall be used for any purpose other than for wildlife restoration projects and the administration of the Division. Colorado also agreed to the stipulations of the Dingell-Johnson act in Section 33-1-118, C.R.S. Similarly, the Division is prohibited from spending funds accruing as a result of compliance with the act on functions other than cooperative fish restoration and management projects as defined in the act.

Section 33-1-112 (1) (a), C.R.S., establishes the Wildlife Cash Fund and directs all moneys received from wildlife license fees, and all moneys and interest from all other wildlife sources to be deposited in the fund. Federal rule 50 CFR 80.4 further states that revenues from license fees paid by hunters and fishermen not be diverted for purposes other than administration of the state fish and wildlife agency. The Division is concerned that if a diversion of any amount of Wildlife Cash Fund dollars occurs, the Division will be ineligible for any future federal funds until the amount of money diverted is repaid with interest.

The table below shows the staff recommendation for the Division of Wildlife for FY 2011-12.

Category	GF	CF	RF	FF	Total	FTE
<b>(9) Division of Wildlife Current Appropriation</b>	<b>\$0</b>	<b>\$76,406,866</b>	<b>\$0</b>	<b>\$10,814,973</b>	<b>\$87,221,839</b>	<b>631.4</b>
Restore S.B. 10-146: 2.5 % PERA	0	878,328	0	129,444	1,007,772	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	0	(38,671)	0	0	(38,671)	0.0
Indirect Cost Adjustment	0	(43,919)	0	134,442	90,523	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>0</u>	<u>(566,785)</u>	<u>0</u>	<u>(87,625)</u>	<u>(654,410)</u>	<u>0.0</u>
<b>Division of Wildlife Base Recommendation</b>	<b>0</b>	<b>76,635,819</b>	<b>0</b>	<b>10,991,234</b>	<b>87,627,053</b>	<b>631.4</b>
Remove 2.0 FTE from Information Technology	0	0	0	0	0	(2.0)
BRI-1 Eliminate General Fund in State Parks	0	(1,569,144)	0	0	(1,569,144)	0.0
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>0</u>	<u>(749,264)</u>	<u>0</u>	<u>(203,551)</u>	<u>(952,815)</u>	<u>0.0</u>
<b>(9) Division of Wildlife Total Recommendation</b>	<b>\$0</b>	<b>\$74,317,411</b>	<b>\$0</b>	<b>\$10,787,683</b>	<b>\$85,105,094</b>	<b>629.4</b>
<b>Change</b>	<b>\$0</b>	<b>(\$2,089,455)</b>	<b>\$0</b>	<b>(\$27,290)</b>	<b>(\$2,116,745)</b>	<b>(2.0)</b>
<b>Percent Change</b>	<b>n/a</b>	<b>-2.7%</b>	<b>n/a</b>	<b>-0.3%</b>	<b>-2.4%</b>	<b>-0.3%</b>

**(1) Director's Office**

These staff are responsible for the overall management and oversight of Division activities. They work closely with the Executive Director, the Governor, the Legislature, constituents, and other employees in the development and implementation of wildlife policies and regulations. This program includes division-wide planning, budgeting and evaluation activities, as well as management of the Division's grant programs. This program also supports the Colorado Wildlife Commission.

<b>DOW - Director's Office Staffing Summary</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recommendation</b>
Management and Administration	2.8	7.0	7.0	7.0
Policy Analysis and Administration	8.9	9.0	9.0	9.0
Internal Auditor	0.2	0.0	0.0	0.0
Information/Education	<u>1.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<b>Total</b>	<b>12.9</b>	<b>18.0</b>	<b>18.0</b>	<b>18.0</b>

The Department requests total funding of \$2,031,066 (\$1,915,897 cash funds and \$115,169 federal funds) and 18.0 FTE). **Staff does not recommend the Department request. Staff recommends total funding of \$2,011,518 (\$1,897,496 cash funds and \$114,022 federal funds) and 18.0 FTE for this line.**

<b>Summary of Recommendation – (9) Division of Wildlife</b>				
<b>(A) Administration, (1) Director's Office — Department of Natural Resources</b>				
	<b>Cash Funds</b>	<b>Federal Funds</b>	<b>Total</b>	<b>FTE</b>
Personal Services (estimate)	1,237,940	74,942	1,312,882	18.0
Operating Expense (estimate)	<u>673,676</u>	<u>42,002</u>	<u>715,678</u>	—
FY 2010-11 Appropriation	1,911,616	116,944	2,028,560	18.0
Restore S.B. 10-146: 2.5 % PERA	24,736	3,782	28,518	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(18,401)</u>	<u>(1,147)</u>	<u>(19,548)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>1,917,951</b>	<b>119,579</b>	<b>2,037,530</b>	<b>18.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(20,455)</u>	<u>(5,557)</u>	<u>(26,012)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>1,897,496</b>	<b>114,022</b>	<b>2,011,518</b>	<b>18.0</b>

## **(2) Wildlife Management**

This line item is used for the programs that manage the state's wildlife resources, which include: wildlife habitat, wildlife species, hunting recreation, fishing recreation, watchable wildlife, licensing, and wildlife education.

<b>DOW - Wildlife Management Staffing Summary</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recommendation</b>
Engineers	0.3	1.9	1.9	1.9
Information Technology	12.0	8.0	8.0	8.0
Information/Education	33.1	31.5	31.5	31.5
Laboratory Technicians/Veterinarian	4.0	4.0	4.0	4.0

<b>DOW - Wildlife Management Staffing Summary</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recommendation</b>
Management and Administration	91.5	95.0	95.0	95.0
Policy Analyses and Administration	1.0	1.0	1.0	1.0
Property/Hatchery Technicians	125.3	126.0	126.0	126.0
Scientists/Researcher	40.0	30.0	30.0	30.0
Wildlife Management/Biologist	260.6	254.0	254.0	254.0
<b>Total</b>	<b>567.8</b>	<b>551.4</b>	<b>551.4</b>	<b>551.4</b>

The table below shows actual FY 2009-10 personal services and operating expenses for the Wildlife Management program my program area.

<b>Division of Wildlife, Division Operations, Wildlife Management FY 2009-10 Actual Expenditures by Category</b>				
<b>Program Area</b>	<b>Personal Services</b>	<b>Operating</b>	<b>Capital Outlay</b>	<b>Total</b>
Habitat Protection	\$8,194,416	\$2,804,691	\$7,033	\$11,006,140
Provide Fishing Opportunities	7,593,276	3,600,823	12,658	11,206,757
Provide Hunting Opportunities	6,323,677	3,298,197	39,295	9,661,169
Customer Service	5,212,547	535,255	3,000	5,750,802
Human Resources	4,720,520	533,347	0	5,253,867
Wildlife Species Protection	4,632,265	1,797,785	53,794	6,483,844
Law Enforcement	3,719,491	495,990	31,749	4,247,230
Internal Systems	2,589,911	4,064,375	10,678	6,664,964
Wildlife Education	1,821,331	849,719	0	2,671,050
Public Information	815,150	755,453	75	1,570,678
Public Policy	366,483	59,217	0	425,700
Provide Viewing Opportunities	308,662	116,369	0	425,031
License Administration	<u>69,551</u>	<u>269</u>	<u>0</u>	<u>69,820</u>
<b>Total</b>	<b>\$46,367,280</b>	<b>\$18,911,490</b>	<b>\$158,282</b>	<b>\$65,437,052</b>

The Department requests total funding of \$64,258,695 (\$54,184,072 cash funds and \$10,074,623 federal funds) and 551.4 FTE. **Staff does not recommend the Department request. Staff recommends \$63,677,184 (\$53,688,914 cash funds and \$9,988,270 federal funds) and 551.4 FTE.**

- Base Reduction Item - 1. Eliminate General Fund Support to State Parks.** The Department submitted a base reduction item requesting the elimination of General Fund to State Parks starting with FY 2011-12. This request would eliminate a total of \$2.7 million General Fund remaining in State Parks. The proposal back-fills funding to State Parks with a \$1.3 cash increase in Tier 1 of the Operational Account of the Severance Tax Trust Fund (to be offset by the elimination of Tier 1 dollars for the Division of Wildlife initially provided through S.B. 08-13) and a \$1.4 million increase in cash revenues by raising several cash fees.

**The staff recommendation for base reduction item - 1 to eliminate General Fund support for State Parks, as previously discussed, cuts an additional \$51,212 cash funds (Operational Account of the Severance Tax Trust Fund) due to the fact that in FY 2010-11 the total Severance Tax appropriation to the Division of Wildlife was \$1.62 million.**

<b>Summary of Recommendation – Division of Wildlife</b>				
<b>(9) (A) (2) Wildlife Management — Department of Natural Resources</b>				
	<b>CF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Personal Services (Estimate)	32,274,658	5,643,701	37,918,359	551.4
Operating Expense (Estimate)	<u>23,406,028</u>	<u>4,508,534</u>	<u>27,914,562</u>	0.0
FY 2010-11 Appropriation	55,680,686	10,152,235	65,832,921	551.4
Restore S.B. 10-146: 2.5 % PERA	740,271	113,192	853,463	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(4,418)	0	(4,418)	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(495,158)</u>	<u>(86,353)</u>	<u>(581,511)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>55,921,381</b>	<b>10,179,074</b>	<b>66,100,455</b>	<b>551.4</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	(663,323)	(190,804)	(854,127)	0.0
BRI-1 Eliminate GF to State Parks	<u>(1,569,144)</u>	<u>0</u>	<u>(1,569,144)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>53,688,914</b>	<b>9,988,270</b>	<b>63,677,184</b>	<b>551.4</b>

### **(3) Technical Services**

The Technical Services line item provides support to other Division of Wildlife programs in the form of administrative services, engineering services and facilities management. Administrative support includes accounting and cash management, contracting, grant accounting, procurement, time sheet and labor data collection, license services, human resources, training, and legal services. Engineering services include designing and managing capital construction projects. Facilities management includes operating and maintaining division administrative facilities (offices and customer service centers) and operating the Division's vehicle fleet.

<b>DOW - Technical Services Staffing Summary</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recommendation</b>
Management and Administration	20.7	25.5	25.5	25.5
Accounting and Procurement	8.5	9.0	9.0	9.0
Engineers	19.1	18.7	18.7	18.7
Licensing	3.5	4.0	4.0	4.0
Wildlife Management / Biologists	1.7	2.8	2.8	2.8
<b>Total</b>	<b>53.5</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>

The Department requests funding totaling \$6,516,774 (\$6,508,573 cash funds and \$8,201 federal funds) and 60.0 FTE. **Staff does not recommend the Department request. Staff recommends \$6,463,423 (\$6,455,347 cash funds and \$8,076 federal funds) and 60.0 FTE.**

<b>Summary of Recommendation – Division of Wildlife (9) (A) (3) Technical Services — Department of Natural Resources</b>				
	<b>CF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Personal Services (Estimate)	3,469,341	0	3,469,341	60.0
Operating Expense (Estimate)	<u>3,025,650</u>	<u>2,921</u>	<u>3,028,571</u>	<u>0.0</u>
FY 2010-11 Appropriation	6,494,991	2,921	6,497,912	60.0
Restore S.B. 10-146: 2.5 % PERA	81,556	12,470	94,026	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	(2,488)	0	(2,488)	0.0
JBC Common Policy to Reduce <u>All</u> Personal Services Line Items and <u>All</u> Fund Sources by 1.5 %	<u>(53,226)</u>	<u>(125)</u>	<u>(53,351)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>6,520,833</b>	<b>15,266</b>	<b>6,536,099</b>	<b>60.0</b>
NP-4 Senate Bill 11-76 Statewide 2.5 % PERA Adjustment	<u>(65,486)</u>	<u>(7,190)</u>	<u>(72,676)</u>	<u>0.0</u>
<b>Total Recommendation</b>	<b>6,455,347</b>	<b>8,076</b>	<b>6,463,423</b>	<b>60.0</b>

#### **(4) Information Technology**

This section supports information technology systems necessary for core Division of Wildlife functions by providing computer and communications infrastructure, asset management, user support, standardized software applications, internet oversight, development of information technology policies and plans, and the development and maintenance of new and existing business applications.

<b>DOW - Information Technology Staffing Summary</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Request</b>	<b>FY 2011-12 Recommendation</b>
Management and Administration	1.0	0.0	0.0	0.0
Information Technology	<u>13.6</u>	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
<b>Total</b>	<b>14.6</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>

The table below shows the Department request.

<b>Summary of Request – Division of Wildlife</b>				
<b>(9) (A) (4) Information Technology — Department of Natural Resources</b>				
	<b>CF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Personal Services (Estimate)	0	0	0	2.0
Operating Expense (Estimate)	<u>1,580,395</u>	<u>0</u>	<u>1,580,395</u>	<u>0.0</u>
FY 2010-11 Appropriation	1,580,395	0	1,580,395	2.0
Restore S.B. 10-146: 2.5 % PERA	31,765	0	31,765	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	<u>(30,830)</u>	<u>0</u>	<u>(30,830)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>1,581,330</b>	<b>0</b>	<b>1,581,330</b>	<b>2.0</b>
NP-1 Print Statewide Warrants	<u>2,355</u>	<u>0</u>	<u>2,355</u>	<u>0.0</u>
<b>Total Request</b>	<b>1,583,685</b>	<b>0</b>	<b>1,583,685</b>	<b>2.0</b>

**The staff recommendation differs from the Department request on several accounts.**

1. Staff is not recommending the NP-1 Printing of Statewide Warrants, this item is pending until figure setting for common policies;
2. Staff recommends the elimination of the 2.0 FTE in the line. For FY 2010-11, OIT consolidated all IT personnel within its ranks. For some technical reason, the 2.0 FTE positions were not moved. Upon discussion with Division staff, it is JBC staff's understanding that these are phantom FTE and the Division has no intention of filling them;
3. Due to the fact that there are no more FTE supported by this line, staff recommends not annualizing the S.B. 10-146 impact to the line. This results in a reduction of \$935.

<b>Summary of Recommendation – Division of Wildlife</b>				
<b>(9) (A) (4) Information Technology — Department of Natural Resources</b>				
	<b>CF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Personal Services (Estimate)	0	0	0	2.0
Operating Expense (Estimate)	<u>1,580,395</u>	<u>0</u>	<u>1,580,395</u>	<u>0.0</u>
FY 2010-11 Appropriation	1,580,395	0	1,580,395	2.0
Restore S.B. 10-146: 2.5 % PERA	31,765	0	31,765	0.0
Restore S.B. 10-146: 2.5 % PERA for OIT Consolidation	<u>(30,830)</u>	<u>0</u>	<u>(30,830)</u>	<u>0.0</u>
<b>Continuation Estimate</b>	<b>1,581,330</b>	<b>0</b>	<b>1,581,330</b>	<b>2.0</b>

<b>Summary of Recommendation – Division of Wildlife</b>				
<b>(9) (A) (4) Information Technology — Department of Natural Resources</b>				
	<b>CF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
NP-1 Print Statewide Warrants (Pending)	0	0	0	0.0
Remove 2.0 FTE	0	0	0	(2.0)
Remove S.B. 10-146 2.5 % PERA and PERA for OIT	(935)	0	(935)	0.0
<b>Total Recommendation</b>	<b>1,580,395</b>	<b>0</b>	<b>1,580,395</b>	<b>0.0</b>

### **Bottom Line Funding Recommendation**

Staff recommends the following funding sources be reflected in the Long Bill. These sources are based on information provided in the Division of Wildlife's budget schedules. Staff will work with the Department to adjust any fund splits based on updated information or changes to common policy line items.

<b>Summary of Recommendation – Division of Wildlife</b>			
<b>(9) (A) Division Operations — Department of Natural Resources</b>			
	<b>CF</b>	<b>FF</b>	<b>Total</b>
Director's Office	1,897,496	114,022	2,011,518
Wildlife Management	53,688,914	9,988,270	63,677,184
Technical Services	6,455,347	8,076	6,463,423
Information Technology	<u>1,580,395</u>	<u>0</u>	<u>1,580,395</u>
<b>Total Recommendation</b>	<b>63,622,152</b>	<b>10,110,368</b>	<b>73,732,520</b>
Wildlife Cash Fund (Section 33-1-112 (1), C.R.S.)	63,622,152	0	63,622,152
Colorado Outdoor Sales		0	0
Great Outdoors Colorado (non-appropriated)		0	0
Operational Account of the Severance Tax Trust Fund		0	0
Federal Aid Projects Fund		0	0
Wildlife Mgmt. Public Education Fund (Section 33-1-112 (3.5), C.R.S.)		0	0
Donations		0	0
Miscellaneous Federal Funds	<u>0</u>		<u>0</u>
<b>Total Recommendation</b>	<b>63,622,152</b>	<b>0</b>	<b>63,622,152</b>

### **(9) DIVISION OF WILDLIFE**

#### **(B) Division of Wildlife Special Purpose Line Items**

#### **Wildlife Commission Discretionary Fund**

Staff recommends the Department's continuation request of \$160,000 cash funds for this line item, which was reduced by \$90,000 cash funds in FY 2005-06. This appropriation is used to provide "seed" money to the Division for cooperative efforts to enhance wildlife and wildlife management. The Division must apply to the Commission for this money and may work in cooperation with other agencies to complete the proposed projects. Past projects funded out of the Wildlife Commission Discretionary Fund have included the Deloitte & Touche Management



Review, a cooperative workshop with Colorado State University on Whirling Disease, partial funding for the purchase of the Division's new budgeting software system, partial funding for research on declining mule deer populations in Colorado, and a study on limited licensing.

### **Game Damage Claims and Prevention**

**Staff recommends the Department's continuation request of \$1,282,500 cash funds for this line item**, which represents spending authority for when and if a game damage claim is made against the Department. Approximately half of the spending in this line is for game damage prevention and the other half is for the claims. It is not possible to accurately predict the spending on claims as it is dependent upon a myriad of factors, including the weather. This line item includes funds for the purchase of fencing, pyrotechnics and other materials which are provided to landowners for the purpose of preventing damage (and potential DOW liability) to standing and harvested crops, forage, and other property. Staff notes that S.B. 09-24 changed the time-frame for which DOW is to contact landowners and provide game damage prevention materials.

### **Instream Flow Program**

**Staff recommends the Department's request for \$296,027 cash funds for this line item.** Funds appropriated to this line item are transferred to the Colorado Water Conservation Board (CWCB) to support the instream flow program. Pursuant to Section 37-92-102(3) C.R.S., the CWCB uses the funds to acquire water for minimum stream flows or volumes for natural lakes to preserve the natural environment.

### **Habitat Partnership Program**

**Staff recommends the Department's request for \$2,500,000 cash funds (Habitat Partnership Cash Fund) for this line item**, which is continuously appropriated. Senate Bill 01-006 dedicated five percent of the net sales of big game hunting licenses used in geographic locations represented by a habitat partnership committee to the Habitat Partnership Program.

The Habitat Partnership Program, which is managed through 18 local Habitat Partnership Committees (plus one statewide committee), is designed to reduce wildlife conflicts, especially those related to forage and fencing issues. Local committees develop big game distribution management plans designed to minimize such wildlife conflicts. In this regard, the Division funds fencing projects and performs various habitat improvement projects designed to meet game management objectives and to keep big game off of private property. Pursuant to Section 33-1-112 (8)(e), C.R.S., there is an annual transfer of five percent of the net sales of big game hunting licenses used in geographic locations represented by a Habitat Partnership Committee.

### **S.B. 08-226 Aquatic Nuisance Species**

S.B. 08-226 established aquatic nuisance species laws to prevent, control, contain, monitor, and eradicate aquatic nuisance species, both wildlife and plants, from state waters. Among other things, the bill created the Divisions of Parks and Outdoor Recreation Aquatic Nuisance Species Fund and the Division of Wildlife Aquatic Nuisance Species Fund. The bill transfers moneys from the Tier 2 Operational Account of the Severance Tax Trust Fund. In FY 2008-09 the bill

transferred \$5,956,636, including appropriating \$2,667,244 to the Division of Wildlife. In FY 2009-10 and beyond, the bill transferred \$4,006,005, including \$1,304,544 to Wildlife. **Staff recommends an appropriation of \$1,304,544 for FY 2011-12.**

#### **Grants and Habitat Partnerships**

**Staff recommends the Department's request for continuation funding of \$1,625,000 (\$1,425,000 Wildlife Cash Fund and \$200,000 from the sale of waterfowl stamps).** This line item contains projects related to (1) grants for habitat improvement on private property under the Pheasant Habitat Partnership Program (PHIP); (2) small habitat improvement projects on State Wildlife Areas that cost less than \$50,000 each and are more appropriately categorized as operating expenses, and ; (3) grants for improvements, repairs and development for wetlands and shooting ranges.

This line item was transferred from the Capital Construction budget during FY 2010-11 figure setting.

Similar to FY 2010-11, staff recommends including a footnote in the FY 2011-12 budget that reads:

**"Department of Natural Resources, Division of Wildlife, Special Purpose, Grants and Habitat Partnerships - It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2013-14, whichever comes first."**

#### **Asset Maintenance and Repairs**

**Staff recommends the Department's request for continuation funding of \$606,880 Wildlife Cash Fund.** This line item addresses projects that are for the most part under \$50,000, are more maintenance in nature, and are more appropriately contained in the operating budget. This line item represents the Division's internal controlled maintenance program.

This line item was transferred from the Capital Construction budget during FY 2010-11 figure setting.

Similar to FY 2010-11, staff recommends including a footnote in the FY 2011-12 budget that reads:

**"Department of Natural Resources, Division of Wildlife, Special Purpose, Asset Maintenance and Repairs - It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project or the close of FY 2013-14, whichever comes first."**

#### **Indirect Cost Assessment**

**Staff recommends the Department's request for \$3,597,623 for the purpose of indirect cost**

recoveries, including \$2,920,308 cash funds (Wildlife Cash Fund) and \$677,315 federal funds. This appropriation will be used to offset the need for General Fund for overhead expenses appropriated in the Executive Director's Office. After the JBC's figure setting decisions have been made, JBC staff will work with the Department to determine whether any revisions to the indirect cost plan will be required. If changes in indirect cost recoveries are necessary, staff will present them to the JBC for final approval prior to the introduction of the Long Bill.

**Bottom Line Funding Recommendation**

Staff recommends the following funding sources be reflected in the Long Bill. These sources are based on information provided in the Division of Wildlife's budget schedules. Staff will work with the Department to adjust any fund splits based on updated information or changes to common policy line items.

<b>Summary of Recommendation – Division of Wildlife (9) (B) Special Purpose — Department of Natural Resources</b>			
	<b>Cash Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
Wildlife Commission Discretionary Fund	160,000	0	160,000
Game Damage Claims and Prevention	1,282,500	0	1,282,500
In stream Flow Program	296,027	0	296,027
S.B. 08-226 Aquatic Nuisance Species	1,304,544	0	1,304,544
Habitat Partnership Program	2,500,000	0	2,500,000
Grants and Habitat Partnerships	1,625,000	0	1,625,000
Asset Maintenance and Repairs	606,880	0	606,880
Indirect Cost Assessment	<u>2,920,308</u>	<u>677,315</u>	<u>3,597,623</u>
<b>Total Recommendation</b>	<b>10,695,259</b>	<b>677,315</b>	<b>11,372,574</b>
Wildlife Cash Fund (Section 33-1-112 (1), C.R.S.)	6,690,715	0	6,690,715
Habitat Partnership Cash Fund (Section 33-1-112 (8) (a), C.R.S.)	2,500,000	0	2,500,000
Wildlife Aquatic Nuisance Species Fund (Section 33-10.5-108 (2)(a), C.R.S.)	1,304,544	0	1,304,544
Sale of Waterfowl Stamps (Section 33-4-102.5 (3)(a), C.R.S.)	200,000	0	200,000
Operational Account of the Severance Tax Trust Fund	0	0	0
Federal Funds	<u>0</u>	<u>677,315</u>	<u>677,315</u>
<b>Total Recommendation</b>	<b>10,695,259</b>	<b>677,315</b>	<b>11,372,574</b>

## **REQUESTS FOR INFORMATION**

- Staff recommends the Committee continue to request a report by State Parks to be provided no later than November 1, 2011, in which the Department will identify the agency's sources and uses of all the agency's funding sources (including lottery, General Fund, cash funds, federal funds, GOCO, etc.).

*Staff recommended request for information.* Similar to the FY 2010-11 request, Staff recommends the Committee request a report by State Parks to be provided no later than November 1, 2011, in which the Department will identify the agency's sources and uses of all the agency's funding sources (including lottery, General Fund, cash funds, federal funds, GOCO, etc.).

**Staff recommends that the JBC approve the following continuing request for information.**

**Department of Natural Resources, Parks and Outdoor Recreation** - The division of Parks and Outdoor Recreation is requested to provide the Joint Budget Committee with a report on division sources of revenue as well as the expenditures of revenues by revenue type. The report should provide an analysis of lottery funds used for operations and capital projects. The report is requested to be submitted by November 1, 2011.

*Appendix A* at the end of the document provides the revenue and expenditure report that Parks submitted last year.

## **ADDITIONAL BALANCING OPTIONS**

Staff discussed any balancing options during the discussion for each division.

**COLORADO DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF PARKS AND OUTDOOR RECREATION**

**FY2009-10 State Parks Revenues and Expenditures - Consolidated**

<b>FY2009-10</b>	
<b>Revenues</b>	
Parks Passes and Entry Fees	9,304,125
Permits and User Fees	7,364,829
Sale of Goods, Services	580,412
Concession / Lease Income	1,177,042
Registration Fees - Boats	3,425,120
Registration Fees - Other	5,148,523
Federal Funds	4,010,696
State Funds (STAX, SCTF)	7,464,583
GOCO Parks Purpose	7,752,646
GOCO Other Purpose	-
Lottery 10% Distribution	11,294,157
Interest Income	707,619
Other Revenues	846,324
 Subtotal, Earned Revenue	<hr/> 59,076,075
 General Fund	2,373,023
 Total Revenues	<hr/> <b>61,449,098</b> <hr/>
 <b>Expenditures</b>	
Personal Services	
Permanent Salaries/Benefits	19,750,281
Temporary Employee Wages	5,100,150
Contract Personal Services	1,226,878
 Operating Expenses	
Supplies	1,380,995
Maintenance and Cleaning Services	2,240,215
Purchased Services	4,240,004
Travel / Vehicles	1,497,888
Utilities / Communications	2,015,815
Information Technology	567,026
Equipment	1,275,249
Cost of Goods Sold	479,211
Grants	5,518,981
Other	696,110
Transfers Out (Intergovernmental)	1,950,742
Subtotal, Operating	<hr/> 21,862,236
 Capital Construction	
Land, Water Acquisition	1,953,053
Contract Construction Services	5,366,855
Capital Improvements	-
Other Capital Construction	-
Subtotal Capital Construction	<hr/> 7,319,908
 Total Expenditures	<hr/> <b>55,259,454</b> <hr/>
 Net Income	<hr/> <b>6,189,644</b> <hr/>

**COLORADO DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF PARKS AND OUTDOOR RECREATION**

Source and Use of Funds  
FY 09-10

	Park Revenue	Registration	Federal	State	Lottery	GOCO	GF	Other	TOTAL Uses
<b>Expenditures</b>									
Personal Services									
Permanent Salaries/Benefits	14,440,786	217,918	1,126,136	1,237,645	0	1,244,061	1,483,737	0	19,750,281
Temporary Employee Wages	650,918	54,667	833,696	2,789,320	0	475,486	286,575	9,488	5,100,150
Contract Personal Services	174,462	3,295	15,374	55,360	858,927	109,006	9,069	1,385	1,226,878
Operating									
Supplies	253,347	79,845	24,698	214,335	376,424	342,809	64,963	24,575	1,380,995
Maintenance and Cleaning Services	182,603	9,307	69,412	100,461	1,102,867	716,636	42,172	16,757	2,240,215
Purchased Services	2,238,930	626,328	140,965	181,237	292,255	660,892	99,398	0	4,240,004
Travel / Vehicles	1,010,641	60,837	29,631	62,936	0	324,907	8,936	0	1,497,888
Utilities / Communications	952,348	7,010	13,925	43,743	214,110	646,411	138,268	0	2,015,815
Information Technology	0	371	189	392	565,326	0	748	0	567,026
Equipment	141,290	62,329	83,589	223,688	431,239	324,738	4,231	4,146	1,275,249
Cost of Goods Sold	0	0	0	0	0	0	0	479,211	479,211
Grants	143,319	2,921,510	816,696	469,782	355,203	812,473	0	0	5,518,981
Other	0	41,238	134,599	195,642	168,156	54,395	96,148	5,932	696,110
Transfers Out (Intergovernmental)	<u>332,379</u>	<u>0</u>	<u>169,865</u>	<u>1,309,719</u>	<u>0</u>	<u>0</u>	<u>138,780</u>	<u>0</u>	<u>1,950,742</u>
Subtotal, Operating	20,521,020	4,084,655	3,458,774	6,884,259	4,364,507	5,711,815	2,373,023	541,494	47,939,546
Capital Construction									
Land, Water Acquisition	0	0	3,083	0	0	1,949,970	0	0	1,953,053
Contract Construction Services	0	0	606,905	0	3,549,241	1,210,710	0	0	5,366,855
Capital Improvements	0	0	0	0	0	0	0	0	0
Other Capital Construction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Capital Construction	0	0	609,988	0	3,549,241	3,160,680	0	0	7,319,908
In/ Out of Fund Equity	161,960	1,843,520	(58,066)	580,324	3,380,410	(25,333)	0	638,804	6,521,618
Total Sources	<u>20,682,979</u>	<u>5,928,175</u>	<u>4,010,696</u>	<u>7,464,583</u>	<u>11,294,157</u>	<u>8,847,162</u>	<u>2,373,023</u>	<u>1,180,298</u>	<u>61,781,072</u>