

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2011-12 STAFF BUDGET BRIEFING

**DEPARTMENT OF PUBLIC HEALTH
AND ENVIRONMENT**

(Environmental Divisions Only)

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

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**FY 2011-12 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

(Environmental Divisions Only)

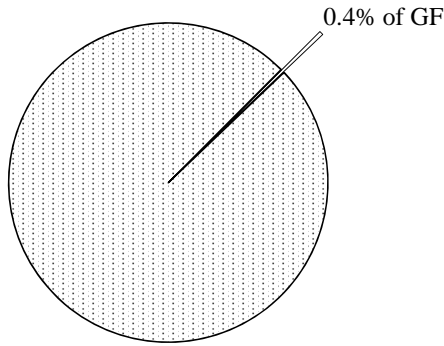
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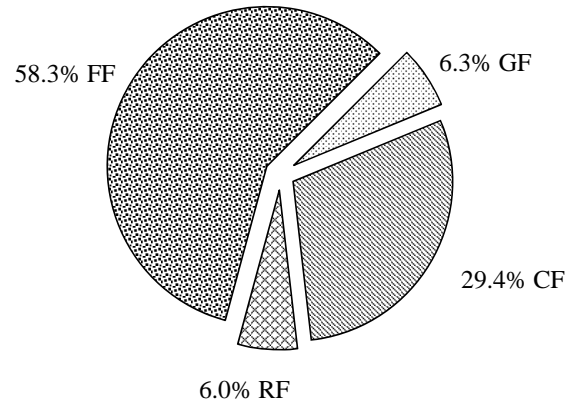
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

GRAPHIC OVERVIEW

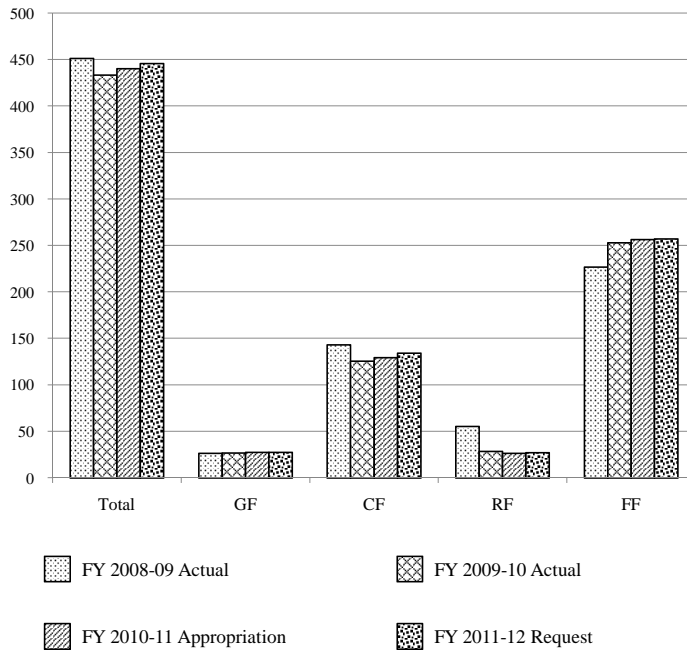
Department's Share of Statewide General Fund



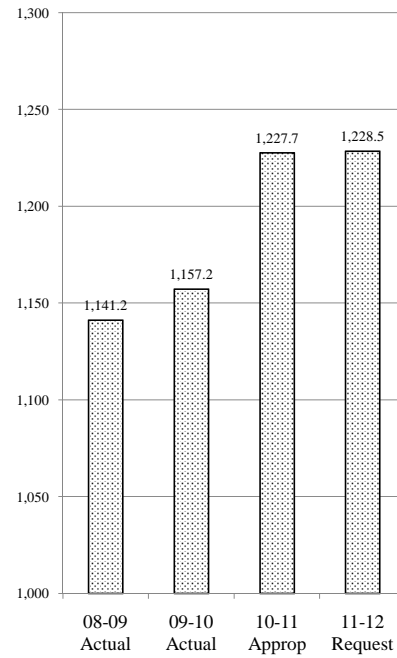
Department Funding Sources



**Budget History
(Millions of Dollars)**



FTE History

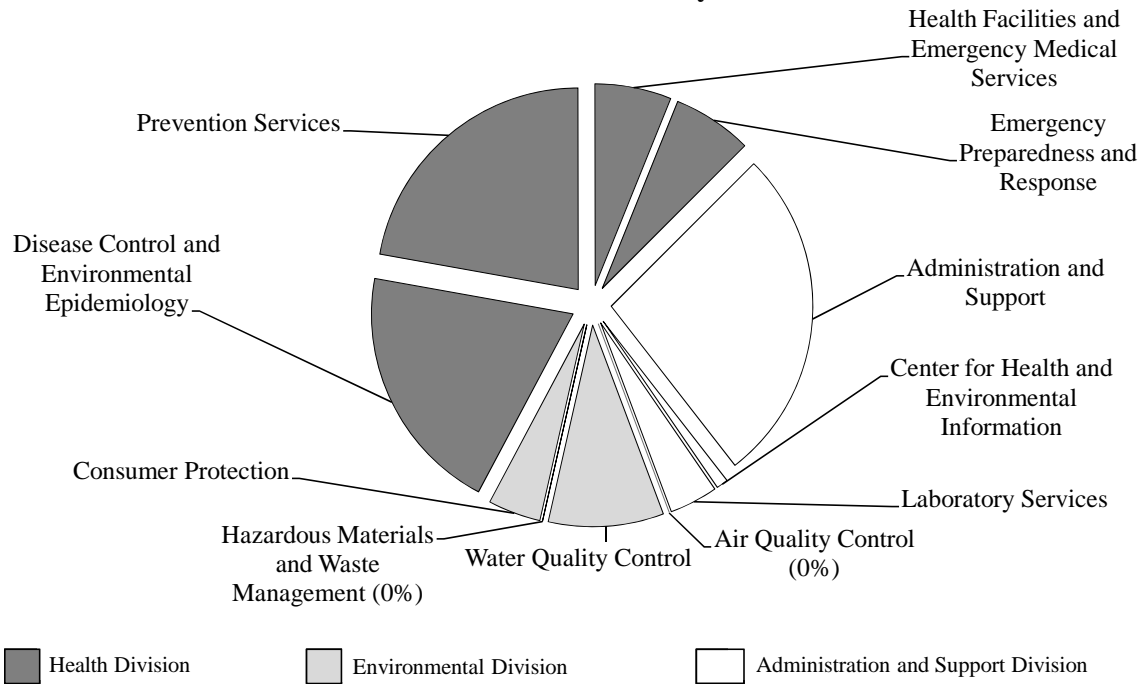


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

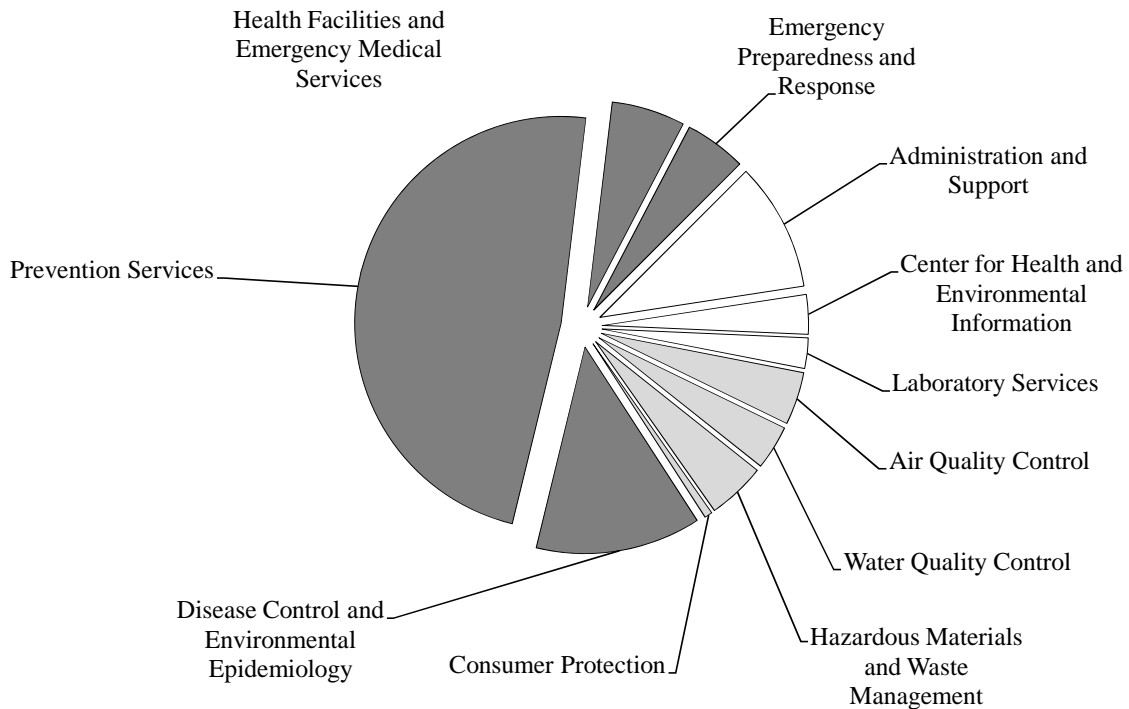
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

GRAPHIC OVERVIEW

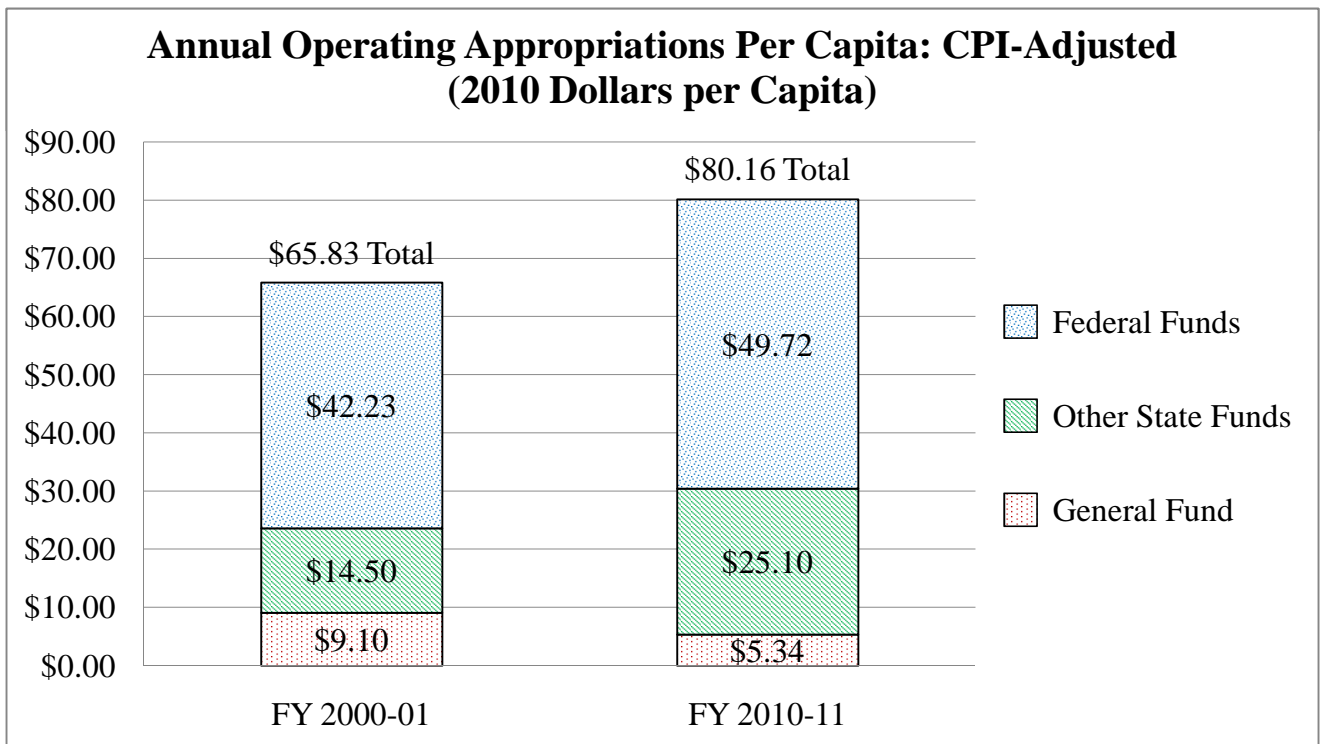
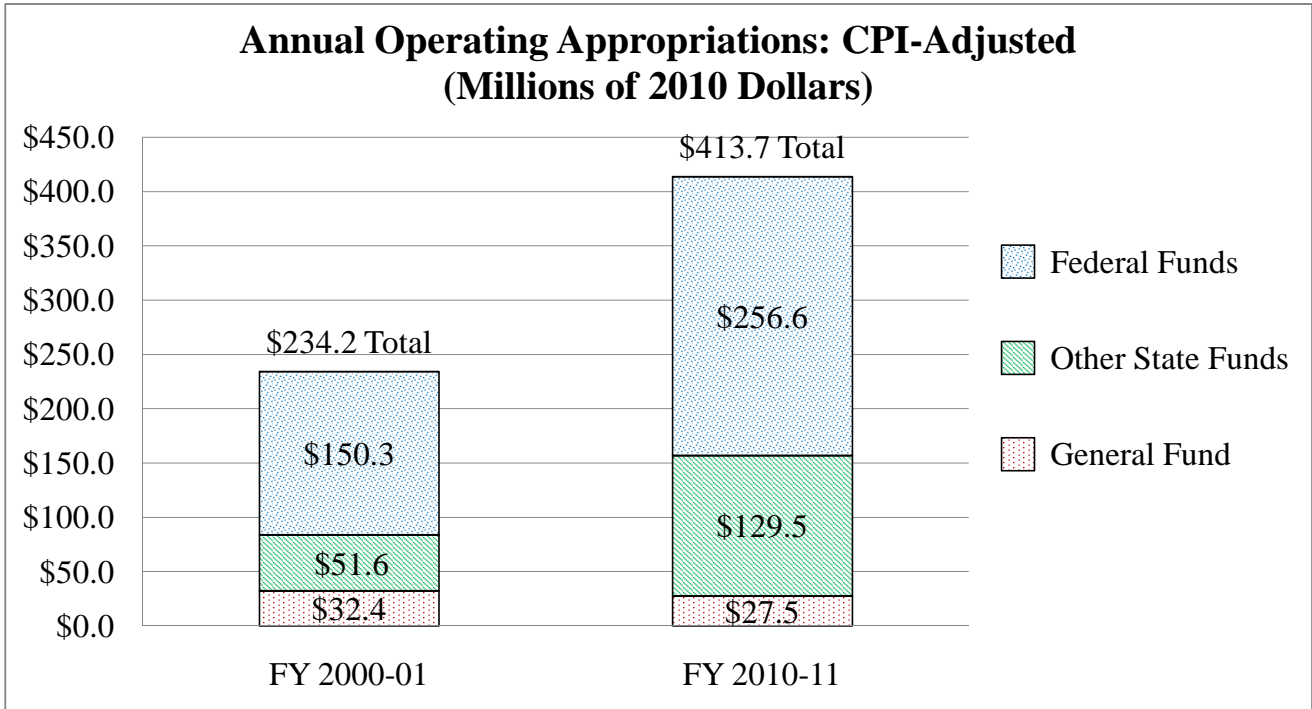
Distribution of General Fund by Division



Distribution of Total Funds by Division



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COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) The appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, the excluded amounts primarily reflect internal transfers of Amendment 35 moneys, internal transfers of indirect cost assessments, and transfers from HCPF to pay for Medicaid/Medicare facility certification.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment
(Environmental Divisions Only)**

DEPARTMENT OVERVIEW

JBC Staff Assignments

In the Long Bill, the Department of Public Health and Environment is comprised of eleven divisions that are grouped, for JBC staff briefing and figure setting purposes, as follows:

Administrative and Health Divisions

- Administration and Support, except for the Special Environmental Programs Subdivision
- Center for Health and Environmental Information
- Laboratory Services
- Local Public Health and Planning Support
- Disease Control and Environmental Epidemiology Division
- Prevention Services Division
- Health Facilities and Emergency Medical Services Division
- Emergency Preparedness and Response

Environmental Divisions

- Administration and Support Division, Special Environmental Programs Subdivision
- Air Pollution Control Division
- Water Quality Control Division
- Hazardous Materials and Waste Management Division
- Consumer Protection

This briefing focuses on the Environmental Divisions. The Administrative and Health Divisions were presented separately by another analyst.

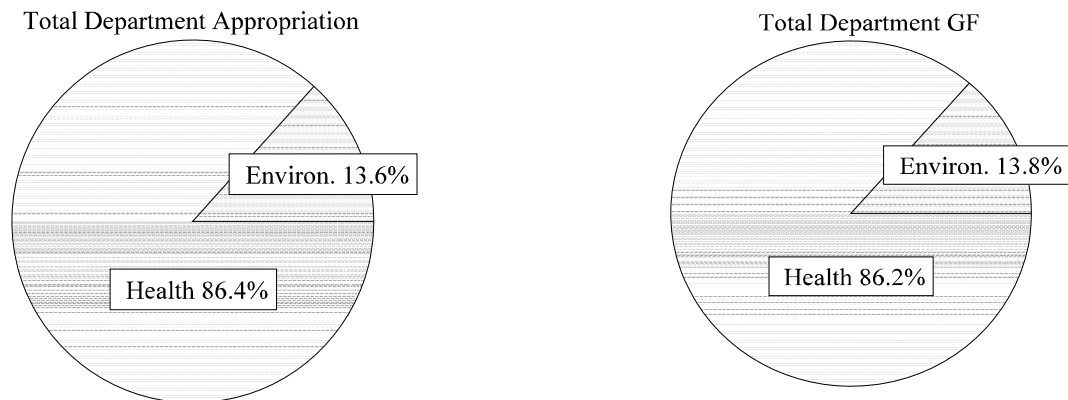
Key Responsibilities

- ▶ Monitors the state's air and water quality to ensure compliance with applicable state and federal regulations, such as the Federal Clean Air Act and the Safe Drinking Water Act.
- ▶ Evaluates and investigates strategies aimed at reducing or controlling air and water pollution by issuing discharge permits, collecting and analyzing emissions data, monitoring the success of state implementation plans and attainment redesignation requests, and enforcing rules and regulations adopted by the environmental oversight commissions.
- ▶ Provides technical assistance and statewide coordination for water treatment facilities.
- ▶ Regulates the treatment, storage, and disposal of solid and hazardous wastes, including the implementation of the Federal Superfund Program and oversight of the Rocky Flats Legacy Management Agreement implementation.

- ▶ Enforces sanitation standards designed to prevent and control diseases transmitted by food, insects, or rodents.

Factors Driving the Budget

For FY 2010-11, funding for these divisions consists of 6.4 percent General Fund, 61.2 percent cash funds, 0.7 percent reappropriated funds, and 31.7 percent federal funds. Funding for the environmental divisions comprises 13.6 percent of the Department's total FY 2010-11 budget and 13.8 percent of the Department's General Fund. Among the environmental divisions, only the Water Quality Control Division and the Consumer Protection Division receive General Fund appropriations.



Oil and Gas Development: The Air Pollution Control Division

Growth in oil and gas development in Colorado in the past decade has had significant consequences for the state's air quality and the workload of the Air Pollution Control Division. Since 2002, when the industry's rapid growth was beginning and resulting emissions were unregulated, the oil and gas industry has surpassed both mobile sources (vehicles) and area sources (such as lawn and garden equipment, architectural coatings, and pesticide applications) to become the greatest source of volatile organic compound (VOC) emissions on the Front Range.

VOC is a precursor to ground-level ozone, a pollutant known to cause health problems and which is regulated by the federal Environmental Protection Agency (EPA). EPA declared the Denver Metropolitan Area and North Front Range an ozone non-attainment area in 2007 because of high ozone levels in the region from 2005 to 2007. In response, the Department submitted a State Implementation Plan to the EPA in June 2009. In order to meet current federal ozone standards, much less anticipated standards that will be more rigorous, the State will have to continue to reduce emission from available sources.

The Air Quality Control Division regulates emissions from active wells and other oil and gas facilities. Therefore, every time the oil and gas industry activates a well or upgrades equipment and

facilities, those actions require permits from the Division. As a result, the Division has experienced a rapid growth in permitting and compliance workload as oil and gas development has expanded. The State experienced a decline in applications for permits to drill from a peak in FY 2008-09 to FY 2009-10. However, the Division's permitting and regulatory workload continues to increase in large part because the industry continues to build facilities such as compressor stations that will serve future development.

Evolving Needs and Emerging Regulations: The Air Pollution Control Division

In addition to workload increases that are being driven by economic and population growth, the Air Pollution Control Division is facing a need to adapt to changing conditions and new regulations that may require additional resources. For example, the stricter federal ozone standards likely to be finalized next year may create additional ozone non-attainment areas beyond the current Denver Metro/North Front Range non-attainment area and will certainly require additional reductions in ozone levels in the metro area; the General Assembly and the Air Quality Control Commission have expanded the State's vehicle emissions testing requirements into the north front range; the auto emissions "high-emitter" pilot program is still underway and the Air Quality Control Commission must determine whether and at what level it will continue; federal and state climate-change and wildfire reduction initiatives may be developed; and the Division faces a variety of potential changes in federal regulations that could drive additional work. The Division anticipates a need for 15.0 additional FTE to meet these demands in the next three years.

Fee Changes & General Fund Support: The Water Quality Control Division

Prior to FY 2003-04, Water Quality Control Division (WQCD) programs were funded through a mix of approximately 20 percent General Fund, 20 percent fee revenue, and 60 percent federal dollars. In response to the last state budget crisis, the Legislature eliminated the WQCD's General Fund support beginning in FY 2003-04 (approximately \$2.0 million). The WQCD was given a short time to consult with the stakeholder community and develop a legislative proposal to replace the lost General Fund with fee revenues. The resulting statutory fee changes included a 66 percent increase in wastewater permit fees, and, for the first time, the establishment of a fee system for drinking water purveyors.

By December 2004, the WQCD had identified concerns about the ability of some of the new fees to adequately support the associated programs without subsidization from other permittees. During the 2005 legislative session, the Department proposed legislation to adjust the fees, taking program specific costs and revenues into account. However, no legislation was introduced and the new fees and fee changes set in 2003 sunset on July 1, 2005. As a result, the FY 2005-06 Long Bill appropriation for the WQCD included an increase in General Fund to replace the lost fee revenue.

In FY 2006-07, in response to concerns about the WQCD's ability to fulfill its statutory responsibilities, The its General Fund appropriation was increased by approximately \$500,000, and it received 10.0 additional FTE. In FY 2007-08, the Division received another 8.2 cash-funded FTE in the Long Bill, and H.B. 07-1329 adjusted and created a variety of wastewater and drinking water fees to boost cash fund revenues and appropriated an additional 4.0 FTE. The Division's FTE count

remained unchanged in FY 2008-09, FY 2009-10, and FY 2010-11 although the General Assembly approved an increase of approximately \$194,000 in cash funds in FY 2010-11 to allow the WQCD to fill 3.0 FTE that had been vacant because there were not sufficient funds to fill the positions.

Evolving Needs and Emerging Regulations: The Water Quality Control Division

In addition to workload increases that are being driven by economic and population growth, the Water Quality Control Division is facing many evolving needs and emerging regulations in the next several years that may require additional resources to adequately address. For example, the EPA has finalized a policy that will increase the need for inspections of "wet weather" (spills/stormwater) sources and response to field-discovered violations this fiscal year (FY 2010-11). The new policies will drive the need for additional compliance assistance and will require audits of the 121 municipal separate stormwater sewer systems. In February 2009, the United States Court of Appeals for the 6th Circuit overturned an EPA rule that exempted the application of pesticides in or near waters from the requirement to obtain a discharge permit. While the Court stayed the ruling until April 9, 2011, as of that date, application of pesticides in Colorado will require a permit issued by the Division, increasing the Division's permitting, inspection, and compliance workload. The Division, working with stakeholders, has also developed and must now implement a policy to protect irrigated agriculture from discharges that may have high total dissolved solids (which affect plants).

Despite the influx of resources in FY 2006-07 and FY 2007-08 (discussed in previous section), the Division reports that it is unable to meet its current statutory and regulatory responsibilities even without anticipated increases in workload. The Division estimates a need for 66.3 additional FTE in the next three years (through FY 2013-14) to meet its statutory responsibilities with the anticipated increase in workload (see the first and second issue papers in this document for additional discussion).

Contaminated Sites Cleanup: The Hazardous Materials and Waste Management Division

With a total budget of \$20.5 million, the Hazardous Materials and Waste Management Division accounts for 32.3 percent of the entire appropriation for the environmental divisions in FY 2010-11. The largest share of the Division's appropriation, \$7.7 million, is for the Contaminated Sites Cleanup program. This program has three major responsibilities: (1) federal facilities oversight (to ensure protective cleanup and compliance with state and federal hazardous waste laws, regulations, and Superfund requirements at federal facilities); (2) the Superfund program (to minimize human exposure and environmental damage from hazardous sites by performing investigations, determining and designing appropriate remedies, overseeing implementation of those remedies, and ensuring on-going maintenance and monitoring when necessary); and (3) the Voluntary Cleanup and Redevelopment Program (to facilitate the cleanup and redevelopment of contaminated properties with expedited review of clean-up plans submitted by property owners).

Colorado has 24 Superfund sites, for which the state has varying degrees of financial responsibility for clean-up and on-going maintenance. Funding for the state's Superfund-related expenses is paid for out of the Hazardous Substance Response Fund (HSRF). Revenue for the HSRF comes from a portion of solid waste tipping fees. Beginning in 2002, there were concerns about the fund's long-

term solvency after the Legislature transferred \$30.0 million of its fund balance to the General Fund. That transfer was repaid in January 2006.

Facing the current economic downturn, the Legislature transferred a total of \$32.5 million from the HSRF to the General Fund in FY 2008-09 and FY 2009-10 through legislation enacted in 2009. In part because of renewed concerns about the long-term health of the HSRF, during the 2010 Session the General Assembly enacted H.B. 10-1329 which transfers authority for setting the tipping fee to the Solid and Hazardous Waste Commission and limits the ability to maintain HSRF balances above \$10.0 million for extended periods of time. Thus, rather than accumulating large balances over time in preparation for future expenses, the HSRF will now maintain smaller balances with more frequent fee increases to support growing expenditures as needs arise.

The identification of additional Superfund sites, changes in anticipated costs at current sites, changes in federal policies, and changes in the ability of responsible parties to fund cleanup measures could all affect the Division's need for resources and the timing of that need.

Federal Funds

In FY 2010-11, federal funds make up approximately 30.0 percent of the total appropriation for the environmental divisions. Some of the federal funding requires a state matching contribution or maintenance of effort. The environmental divisions currently manage approximately 100 different grants, including the EPA's Performance Partnership Grant: a two-year, multi-programmatic grant providing approximately \$17.0 million in federal dollars over two years. The table below shows the actual federal funding received for FY 2005-06 through FY 2009-10, as well as the FY 2010-11 appropriation and FY 2011-12 request.

**Environmental Division Federal Dollars FY 2005-06 through FY 2011-12
(in millions)**

Environmental Divisions	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Approp.	FY 11-12 Request
Total Federal Funds	\$22.4	\$23.6	\$22.7	\$25.0	\$24.3	\$19.0	\$19.0
Total Federal Funds as a Percent of Environ. Divisions' Budget	47.4%	48.8%	42.0%	42.5%	39.6%	29.7%	30.0%

The \$5.3 million decrease from FY 2009-10 actual funding to the FY 2010-11 appropriation is largely the result of the receipt of additional federal funds above the appropriated level in FY 2009-10, primarily in the Water Quality Control Division which received \$4.7 million more in federal funds in FY 2009-10 than was anticipated in the appropriation.

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(Environmental Divisions Only)**

DECISION ITEM PRIORITY LIST

Note: This table includes all Department of Natural Resources decision items. However, the full decision item text is shown only for those decision items that affect the environmental divisions. In some cases, only a portion of the total decision item amount shown will apply to the budget sections addressed in this packet.

Decision Item	GF	CF	RF	FF	Total	FTE
1 Medical Marijuana Registry	0	1,093,939	27,500	0	1,121,439	1.0
2 Newborn Screening Laboratory and Genetics Counseling	0	396,637	0	0	396,637	1.0
3 Prenatal Plus Administration Transfer	0	0	(110,933)	0	(110,933)	(0.9)
4 Legal Services Administration and Support. The Department requests an increase of \$132,066 reappropriated funds from indirect cost recoveries to purchase additional legal services for the Air Pollution Control Division and the Water Quality Control Division from the Department of Law. The request would support 1.0 additional FTE and associated operating and litigation expenses at the Department of Law. Legal services for the Air and Water divisions are included in the Legal Services line item within Administration and Support. According to the Department, both divisions have seen recent increases in legal services needs although the increase has been particularly large in the Air Pollution Control Division which accounts for the majority of the request. The Department reports that the following factors are driving the increased need for legal services: 1) changes to federal (E.P.A.) regulations for air and water quality; 2) growth in challenges to Department-issued permits as well as enforcement actions and resulting appeals requiring legal services; 3) unanticipated legal services costs associated with H.B. 10-1365, which reduces emissions from coal fired power plants; and 4) other challenges to Department actions. The Department expects the rise in costs to level off but not return to historic levels. <i>Statutory Authority: Section 24-31-101, C.R.S.</i>	0	0	132,066	0	132,066	0.0
NP-8 Printing of Statewide Warrants and Mainframe Documents	0	0	4,555	0	4,555	0.0
Total	0	1,490,576	53,188	0	1,543,764	1.1

BASE REDUCTION ITEM PRIORITY LIST

Base Reduction	GF	CF	RF	FF	Total	FTE
NP-2	(163,910)	0	(75,270)	0	(239,180)	0.0
<p>Statewide 2 Percent Across the Board General Fund Personal Services Reduction</p> <p>Various Line Items. The Governor's Office requests a temporary, one-time 2 percent reduction to the General Fund portion of all personal services appropriations for FY 2011-12. <i>Statutory authority: Section 24-37-301, C.R.S., and Section 24-37-304, C.R.S.</i></p>						
NP-3	0	(18,313,649)	(2,686,351)	0	(21,000,000)	0.0
Amendment 35 Funding Reduction						
NP-5	(392)	(21,191)	(9,803)	(25,713)	(57,099)	0.0
Pro-Rated Benefits						
NP-6	(162,746)	(682,218)	(230,685)	(891,924)	(1,967,573)	0.0
<p>Statewide PERA Adjustment</p> <p>Various Line Items. The Governor's Office requests continuation of S.B. 10-146, concerning a one-time modification of contribution rates of the Public Employees' Retirement Association (PERA). This request would continue to require all State employees participating in PERA defined benefit and defined contribution pension plans to contribute an additional 2.5 percent of salary for retirement in FY 2011-12. <i>Statutory authority: Section 24-51-401, C.R.S.</i></p>						
NP-7	0	(50,000)	(13,350)	(3,314)	(66,664)	0.0
Annual Fleet Vehicle Replacement						
Total	(327,048)	(19,067,058)	(3,015,459)	(920,951)	(23,330,516)	0.0

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OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. The table includes the appropriation and request for the entire department and is not limited to the environmental divisions.

**Total Requested Change for Entire Department, FY 2010-11 to FY 2011-12
(millions of dollars)**

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$27.5	\$129.5	\$26.5	\$256.6	\$440.1	1,227.7
FY 2011-12 Request	27.5	134.3	27.0	257.0	445.8	1,228.5
Increase / (Decrease)	\$0.0	\$4.8	\$0.5	\$0.4	\$5.7	0.8
Percentage Change	0.1%	3.7%	1.9%	0.2%	1.3%	0.1%

The following table summarizes the same changes specifically for the environmental divisions.

**Total Requested Change for Environmental Divisions, FY 2010-11 to FY 2011-12
(millions of dollars)**

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$3.8	\$40.7	\$0.4	\$19.0	\$63.9	474.8
FY 2011-12 Request	3.8	40.3	0.4	19.0	63.5	475.0
Increase / (Decrease)	\$0.0	(\$0.4)	\$0.0	\$0.0	(\$0.4)	0.2
Percentage Change	0.0%	-1.0%	0.0%	0.0%	-0.6%	0.0%

The following table highlights the individual changes contained in the Department's FY 2011-12 budget request, as compared with the FY 2010-11 appropriation, for the environmental divisions. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2010-11 to FY 2011-12

Category	GF	CF	RF	FF	Total	FTE
Special Environmental Programs						
Annualize 2010 Session Legislation	\$0	(\$786,797)	\$0	\$0	(\$786,797)	0.2
Restore FY 2010-11 PERA reduction	0	6,389	0	15,204	21,593	0.0

Category	GF	CF	RF	FF	Total	FTE
DI NP-6 - FY 2011-12 PERA Reduction	0	(13,772)	0	(13,844)	(27,616)	0.0
Subtotal	\$0	(\$794,180)	\$0	\$1,360	(\$792,820)	0.2
Air Quality Control Division						
Annualize Prior Year Decision Item	0	(22,815)	0	0	(22,815)	0.0
Restore FY 2010-11 PERA reduction	0	224,850	0	47,906	272,756	0.0
DI NP-6 - FY 2011-12 PERA Reduction	0	(238,678)	0	(40,776)	(279,454)	0.0
Subtotal	\$0	(\$36,643)	\$0	\$7,130	(\$29,513)	0.0
Water Quality Control Division						
Restore FY 2010-11 PERA reduction	44,441	81,285	0	140,503	266,229	0.0
DI NP-6 - FY 2011-12 PERA Reduction	(42,932)	(84,233)	(702)	(146,118)	(273,985)	0.0
DI NP-2 - 2.0 Percent Personal Services Reduction	(39,452)	0	0	0	(39,452)	0.0
Subtotal	(\$37,943)	(\$2,948)	(\$702)	(\$5,615)	(\$47,208)	0.0
Hazardous Materials and Waste Management Division						
Annualize 2010 Session Legislation	0	463,411	0	0	463,411	0.0
Restore FY 2010-11 PERA reduction	0	115,932	3,790	80,824	200,546	0.0
DI NP-6 - FY 2011-12 PERA Reduction	0	(123,901)	(3,764)	(78,835)	(206,500)	0.0
Subtotal	\$0	\$455,442	\$26	\$1,989	\$457,457	0.0
Consumer Protection Division						
Restore FY 2010-11 PERA reduction	21,109	11,627	1,513	7,021	41,270	0.0
DI NP-6 - FY 2011-12 PERA Reduction	(22,778)	(13,714)	(1,846)	(6,120)	(44,458)	0.0
DI NP-2 - 2.0 Percent Personal Services Reduction	(23,178)	0	0	0	(23,178)	0.0

Category	GF	CF	RF	FF	Total	FTE
Subtotal	(\$24,847)	(\$2,087)	(\$333)	\$901	(\$26,366)	0.0
Total Change	(\$62,790)	(\$380,416)	(\$1,009)	\$5,765	(\$438,450)	0.2

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment
(Environmental Divisions Only)**

BRIEFING ISSUE

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Public Health and Environment have decreased since FY 2007-08 due to significant declines in appropriations of cash and reappropriated funds. The declines are in substantial part due to the transfer of Amendment 35 tobacco-tax dollars to the Department of Health Care Policy and Financing in support of medical services premiums. They are also due to the elimination of a number of double appropriations of Amendment 35 revenues.

Since the most recent economic downturn started in 2008, the General Assembly has also taken a number of actions to mitigate General Fund increases in this department. As a result, the General Fund appropriation to the Department increased by \$3.6 million (15.1 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

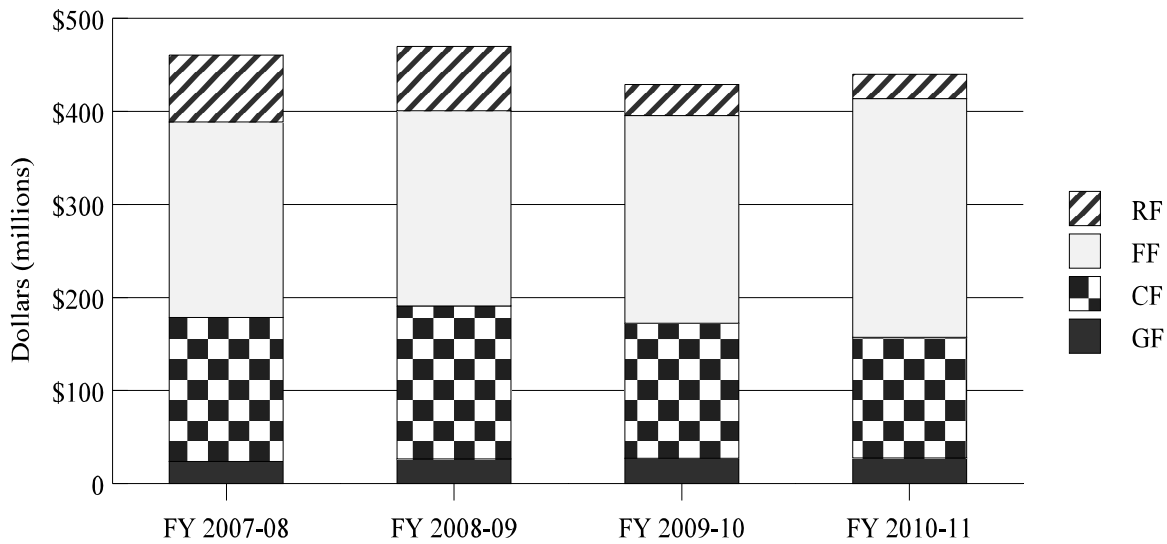
- ❑ The relatively low amount of General Fund appropriated to the environmental divisions (only two divisions received General Fund appropriations in FY 2010-11, totaling \$3.8 million) provides limited opportunities for General Fund savings in these divisions.
- ❑ Outside of the common policy reductions that applied to these divisions (for example, the FY 2010-11 PERA reduction pursuant to S.B. 10-146), the General Assembly has transferred a total of \$33.2 million from environmental divisions' cash funds to the General Fund over the past two sessions, including \$32.5 million from the Hazardous Substance Response Fund and \$0.7 million from the Water Quality Improvement Fund.

DISCUSSION:

From FY 2007-08 to FY 2010-11, total appropriations to the Department of Public Health and Environment decreased by 4.5 percent (\$20.7 million). The decrease was the consequence of reduced appropriations of cash and reappropriated funds that exceeded increased support from federal funds and the General Fund.

Appropriations to the Department of Public Health and Environment for FY 2007-08 through FY 2010-11 are illustrated in the bar chart and detailed in the table below.

Department Appropriations FY 2007-08 to FY 2010-11



Department of Public Health and Environment Appropriations FY 2007-08 to FY 2010-11					
	Total Funds	General Fund	Cash Funds	Federal Funds	Reappropriated Funds
FY 2007-08 /a	\$460,801,638	\$23,932,469	\$154,725,214	\$210,131,476	\$72,012,479
FY 2008-09	469,965,999	26,586,357	164,440,239	209,613,716	69,325,687
FY 2009-10	428,940,743	27,076,170	145,250,938	223,379,861	33,233,774
FY 2010-11	440,148,279	27,541,461	129,530,277	256,596,843	26,479,698
Increase/(Decrease.) /b	(\$20,653,359)	\$3,608,992	(\$25,194,937)	\$46,465,367	(\$45,532,781)
Percent Change /b	(4.5)%	15.1%	(16.3)%	22.1%	(63.2)%

a/ FY 2007-08 Appropriations have been adjusted to reflect the same "cash funds" and "reappropriated funds" format implemented in FY 2008-09. Source: Page 417 of the FY 2008-09 Appropriations Report.

b/ Increase/(Decrease) and Percent Change compare FY 2007-08 and FY 2010-11.

As illustrated in the bar chart above, between FY 2007-08 and FY 2010-11 there was a substantial increase in appropriations of federal funds that was accompanied by a more gradual increase in General Fund appropriations. These increases were more than offset by substantially larger reductions in appropriations of cash and reappropriated funds, resulting in an overall appropriations decrease of more than \$20 million or 4.5 percent. The administration and health divisions, which are not covered in this briefing, drove the major changes in appropriations shown above. The following is a brief discussion of significant balancing actions associated with the environmental divisions.

During the 2009 Session, the General Assembly took several actions to increase available General Fund revenues in FY 2008-09 and FY 2009-10 by transferring cash funds associated with the Environmental Divisions to the General Fund. These actions are discussed in more detail below.

1. The General Assembly transferred a total of \$32.5 million from the Hazardous Substance Response Fund (managed by the Hazardous Materials and Waste Management Division) to the General Fund. Senate Bill 09-208 transferred \$17.5 million to the General Fund in FY 2008-09 and S.B. 09-279 transferred an additional \$12.5 million in FY 2008-09 and \$2.5 million in FY 2009-10.
2. Senate Bill 09-208 also transferred \$700,000 from the Water Quality Improvement Fund to the General Fund in FY 2008-09.

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BRIEFING ISSUE

INFORMATIONAL ISSUE: Programmatic Status and Resource Needs of the Water Quality Control Division

Discusses the current status and resource needs of the Water Quality Control Division (WQCD).

SUMMARY:

- ❑ The WQCD is unable to meet its statutory and regulatory responsibilities with current levels of resources. The Department reports that the WQCD is unable to: inspect many facilities requiring inspection; follow-up on inspections to insure that problems are corrected; keep up with the permitting workload, leaving facilities operating on outdated and insufficiently protective permits, sometimes for years; issue permits for facilities discharging wastewater to groundwater as required by State regulation; or adequately assess and understand water quality statewide.
- ❑ Based on current and anticipated workload, the WQCD estimates that meeting statutory and regulatory responsibilities in FY 2011-12 would require 31.8 additional FTE at a cost of \$2.0 million. For FY 2012-13 and FY 2013-14 combined, the Division estimates that the anticipated workload would require 34.5 more FTE and \$2.1 million (in addition to the resources required in FY 2011-12). The Department is not requesting any additional FTE or funds for FY 2011-12.
- ❑ Recognizing the WQCD's difficulties and shortage of resources, the U.S. Environmental Protection Agency (EPA) is negotiating a work sharing agreement with the WQCD that would have EPA take on a limited share of the WQCD's workload.

DISCUSSION:

In response to a FY 2010-11 Request for Information, the Department provided a report summarizing the WQCD's workload and associated staffing and funding needs. The Department's complete report is attached as Appendix D of this document. This issue paper discusses the Department's response.

Background

The WQCD is responsible for maintaining the quality of the state's water resources so that they are safe to drink, support a diversity and abundance of aquatic life, and are suitable for recreation, irrigation, and commercial use. The WQCD has authority to implement two federal water quality laws: 1) the Clean Water Act (which requires states to adopt water quality standards based on water body use); and 2) the Safe Drinking Water Act (which is designed to protect the public drinking water supply using national health-based standards set by the EPA). The main piece of state legislation that the WQCD is

responsible for implementing is the Water Quality Control Act. The WQCD's FY 2010-11 appropriation and FY 2011-12 request are divided into three major programs:

- *Administration:* The Administration program oversees and supports the WQCD's Clean Water and Drinking Water programs and manages revolving loan funds.
- *Clean Water Program:* The Clean Water Program is responsible for the quality of the State's waters. The program issues discharge permits; conducts inspections and enforcement activities; monitors water quality of rivers, lakes, and streams; supports water quality planning; and provides technical support to permitted facilities and to the Water Quality Control Commission.
- *Drinking Water Program:* The Drinking Water Program provides compliance oversight and enforcement for drinking water facilities throughout the state, including engineering design reviews and field inspections of drinking water facilities.

Workload Drivers

The Department reports that the WQCD has experienced (and continues to experience) a rapid growth in workload and that available resources have not allowed the WQCD to keep pace. The report highlights four major drivers increasing the WQCD's workload:

1. Population growth increases the demand for a static or declining water supply, increases the number of permits needing to be issued (for example, the WQCD has experienced a 97 percent increase in storm water permits since 2004), and increases resulting inspection and enforcement responsibilities associated with additional permits and facilities.
2. New and revised rules and regulations, particularly from EPA increase the complexity of permits, increase the number of samples and amount of data that the WQCD has to process, and increase the inspection and enforcement workload. The annual number of sample results requiring WQCD entry, processing, and evaluation has grown from 639,000 in 2002 to 697,000 in 2009 and is expected to average 1,072,000 per year from 2010 through 2012.
3. Court rulings also drive new workload. In a recent example, a February 2009 ruling by the Court of Appeals for the 6th Circuit overturned an EPA rule that exempted pesticide applications from discharge permit requirements. The court stayed the ruling until April 9, 2011, but Colorado will have to begin issuing permits for the application of pesticides in or near water (including for the control of mosquitoes and aquatic weeds) as of that date. The WQCD estimates that this will require 2,000 new permits, a roughly 20 percent increase in the number of discharge permits statewide.
4. Aging and failing water and wastewater infrastructure is driving demand for infrastructure funds provided through revolving funds and creating additional work for the Division.

Impacts

In response to the increased workload, the Division has sought to prioritize its efforts, focusing in particular on emergency response and the issuance of EPA-designated priority permits. Despite efforts

to prioritize, the WQCD's inability to keep pace with the increased workload means that:

- More and more facilities are not being inspected, resulting in less enforcement and less assurance of facility compliance. For example, the WQCD inspects less than 3 percent of 5,500 activities covered under stormwater permits (the Department says inspecting between 5 and 10 percent would be adequate) and *never* inspects more than 900 process water discharge facilities (out of roughly 2,000 facilities). Fewer inspections means less enforcement and additional risk to the environment and public health.
- The WQCD's permit backlog, including the backlog of permits identified as "high priority" by the EPA, grows because the WQCD cannot keep pace with permit submissions. The WQCD has generally prioritized issuing new permits (required for facilities to begin operations) at the expense of permit renewals, allowing existing facilities to continue to operate for years on old and outdated permits. In an effort to provide incentives to issue renewals (which must be updated to reflect major regulatory modifications meant to protect public health and the environment), EPA designates permit renewals held for more than two years as "priority permits," along with expired permits on impaired water bodies. Colorado's priority permit backlog continues to grow and will increase greatly in 2011. EPA staff reports that Colorado is farther behind than any other state in the region in terms of priority permits, that the problem is a lack of resources rather than performance, and that the problem is getting worse.
- The WQCD is charged with providing technical assistance to permittees but is "unable to provide meaningful assistance to its 5,500 permitted stormwater dischargers and 2,000 process water permittees." The Department argues that such assistance is less costly and more efficient than enforcement but that it does not have the necessary resources to do the work.
- While state regulations require the WQCD to permit and monitor facilities discharging wastewater to groundwater in order to protect groundwater quality, the WQCD is not doing so. The WQCD estimates that 200 facilities are currently discharging wastewater to groundwater without permits or oversight, with possible significant effects on groundwater quality.
- When the WQCD does conduct inspections and identify problems, particularly for drinking water, they are unable to follow up those inspections to verify that problems have been corrected. Subsequent inspections often reveal that problems were not corrected.
- The WQCD provides little or no oversight of non-community groundwater systems (those qualifying as public water systems but not serving year-round residents, such as rural school districts and campgrounds). Such systems do carry public health risks but are largely left alone.
- The WQCD does not have sufficient information to assess the status and quality of the State's rivers, lakes, and streams. According to the report, "*At current resource levels, the Division does not have adequate information to effectively respond to current and future challenges of protecting and restoring the integrity of Colorado's water bodies*" (emphasis added).

Resource Needs

For the past several years (starting in at least 2004), the WQCD has discussed a resource shortfall and a need for additional FTE to fulfill its statutory and regulatory responsibilities. This year, the Department estimates that the WQCD needs an additional 31.8 FTE (and \$2.0 million) in FY 2011-12 to meet its responsibilities under the anticipated workload. Over the next three years (FY 2011-12 through FY 2013-14), the Department anticipates a need for a total of 66.3 additional FTE (see table below and the Department's response in Appendix D for a detailed description of the FTE needed in FY 2011-12).

Summary of Resource Needs for the Water Quality Control Division

Program Area	FY 11-12		FY 12-13		FY 13-14		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Drinking Water	3.5	204,516	6.0	362,649	9.0	608,412	18.5	1,175,577
Clean Water	28.3	1,787,509	9.0	598,997	5.0	331,720	42.3	2,718,226
Administration	0.0	0	1.5	57,010	4.0	155,628	5.5	212,638
Total	31.8	1,992,025	16.5	1,018,656	18.0	1,095,760	66.3	4,106,441

Notes:

- a. FTE costs are based upon FY 2010-11 Department of Personnel compensation plan.
- b. The data for this table is from the Department's November 1, 2010 request for information 45 report and has not been independently evaluated by staff.

While the Department has annually highlighted the need for dozens of additional FTE, the Governor has generally not requested the additional resources or FTE. The FY 2011-12 request is no different. Adding significant numbers of new FTE would require either increased fees to increase the WQCD's cash funds or additional General Fund. The WQCD has been in discussions with stakeholders regarding a potential fee bill for several years but has been unable to reach an agreement and does not intend to propose legislation for the 2011 Session.

EPA Work Sharing

Recognizing that states were having difficulty adequately managing water quality programs, EPA is working to help the states fill in what the EPA sees as the most important gaps in program performance. EPA has been conducting approximately 40 stormwater inspections per year in Colorado since 2008 and that effort is ongoing. The WQCD is now negotiating a wider-ranging work sharing agreement with EPA, under which EPA is likely to take on a larger inspection workload, including additional stormwater inspections and inspecting concentrated animal feeding operations (CAFOs). The WQCD is also expecting the EPA to increase oversight of the WQCD's permitting process.

When EPA conducts inspections, issues permits, etc., EPA handles enforcement. EPA is likely to be significantly less flexible in enforcement than the Division, with more and higher fines and penalties for violations. To the extent that EPA takes on more of the WQCD's workload, stakeholders may find the idea of increased fees more appealing in order to continue to work with the WQCD rather than EPA.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment
(Environmental Divisions Only)**

BRIEFING ISSUE

ISSUE: Water Quality Control Division Budget Options for FY 2011-12

Discusses options to increase resources for the Water Quality Control Division (WQCD) and/or reduce the WQCD's FY 2011-12 General Fund appropriation.

SUMMARY:

- ❑ As discussed in the previous issue paper, the WQCD is unable to fulfill its statutory and regulatory responsibilities with the existing level of resources, and the Department is neither requesting additional resources nor proposing fee legislation to provide additional resources in FY 2011-12.
- ❑ The General Assembly appropriated \$2.5 million General Fund to the WQCD in FY 2010-11 (16.6 percent of the WQCD's budget), and the Department is requesting only a slight General Fund decrease (due to common policy changes) for FY 2011-12.
- ❑ The WQCD highlights specific activities that it argues may be better suited to General Fund support than cash funds support but is unable to quantify how much is spent on those activities each year.
- ❑ Staff recommends that the Committee sponsor legislation that would: 1) allow for the elimination of the WQCD's General Fund appropriation in FY 2011-12 and beyond and 2) provide a net increase in resources (from cash funds) to begin to address the WQCD's shortfall. Staff recommends that the Committee consider transferring fee setting authority to the Water Quality Control Commission as part of the legislation.

RECOMMENDATION:

Staff recommends that the Committee direct the Department to develop fee legislation for the 2011 Session that would: 1) allow the General Assembly to eliminate the WQCD's General Fund appropriation in FY 2011-12 and beyond and 2) provide a net increase in resources from cash funds. Staff further recommends that the Committee consider transferring fee setting authority to the Water Quality Control Commission as part of the 2011 legislation. At figure setting, staff intends to recommend that the Committee approve a FY 2011-12 request for information asking the Division to report on the use of its FY 2011-12 appropriation.

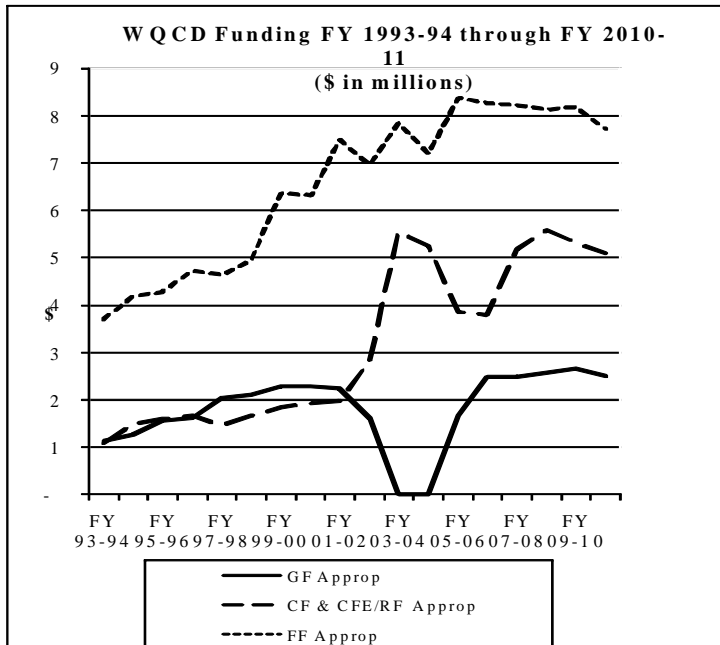
DISCUSSION:

As discussed in the previous issue paper, the Department estimates that the WQCD needs 66.3 additional FTE in order to fulfill its statutory and regulatory responsibilities over the next three years (including an 31.8 in FY 2011-12). The Department is not requesting those FTE and has been unable to reach agreement with the WQCD's stakeholders regarding potential fee legislation that would provide additional resources. Meanwhile, the WQCD received \$2.5 million General Fund in FY 2010-11 and is requesting a similar amount in FY 2011-12.

The following is a discussion of budgetary options for the Committee's consideration to: 1) reduce or eliminate the WQCD's General Fund appropriation in FY 2011-12 and beyond and/or 2) provide additional cash fund resources to allow the WQCD to hire additional staff.

Funding History

The Division's General Fund appropriation, and the significance of General Fund relative to other fund sources, has fluctuated over time, as shown in the graph below. Facing the last economic downturn in 2003, the General Assembly eliminated the Division's General Fund for FY 2003-04 and FY 2004-05 with the enactment of S.B. 03-276 and offset the reduction by increasing existing fees and creating new fees on drinking water providers.



A report on the implementation of S.B. 03-276 found that the fee structure implemented through the bill resulted in fee revenues from some programs subsidizing others and called for corrections to the fees. The Department proposed legislation to fix those issues during the 2005 Session but the bill was never introduced. The changes implemented by S.B. 03-276 sunset June 30, 2005, and the General Assembly began providing General Fund again in FY 2005-06. The General Assembly reinstated drinking water fees (at a lower level) and adjusted other fees with the enactment of H.B. 07-1329, and the Department has indicated that the 2007 bill eliminated cross-subsidization issues between programs.

Refinancing for FY 2011-12

Completely refinancing the WQCD's General Fund in FY 2011-12 would save \$2.5 million General Fund and would require total fee revenue (Division-wide) to increase by approximately 50 percent.

However, the required fee increases would depend on the program in question because the proportion of General Fund appropriations varies considerably by program (see table below).

Water Quality Control Division FY 2010-11 Funding by Program

Program	Total Funds	GF	CF	RF	FF	%GF	GF as % of CF
Administration	\$3,156,234	\$587,289	\$1,100,711	\$0	\$1,468,234	18.6%	53.4%
Clean Water	9,382,368	1,044,894	3,612,497	40,632	4,684,345	11.1%	28.9%
Drinking Water	<u>2,808,880</u>	<u>913,642</u>	<u>342,271</u>	<u>0</u>	<u>1,552,967</u>	<u>32.5%</u>	<u>266.9%</u>
Total	\$15,347,482	\$2,545,825	\$5,055,479	\$40,632	\$7,705,546	16.6%	50.4%

As shown in the table (far right column), the relative proportions of General Fund and cash funds also vary by program and are probably more relevant for considerations of cash funding a given program. For Clean Water, the General Fund appropriation constitutes 28.9 percent of the FY 2010-11 cash funds appropriation, so fully cash funding the program would require a 28.9 percent increase in fee revenues, although the increase would be larger to cover Administration expenses as well). To eliminate the General Fund in Administration and Clean Water, the Department reports that most stormwater permit fees would rise from less than \$245 per year to \$363 per year and average process water fees would increase from roughly \$700 per year to \$1,063 per year.

In contrast, the Drinking Water Program's General Fund appropriation is nearly triple the cash funds appropriation, and fully cash funding the program would require a 266.9 percent increase in fee revenues (the average drinking water annual fee would increase from roughly \$100 per year to \$367 per year). As a result, while fully cash funding the Division would require an increase of 50.4 percent in the Division's total cash funds appropriation, the necessary increase in fee revenues would vary widely by program. In both cases, providing a net increase in resources would require larger increases in fees.

Stakeholder Dynamic

As discussed above, the Department has been discussing a potential fee bill with water stakeholders for several years but has been unable to reach agreement on legislation to increase fees and address the Division's staffing needs. Beyond a general disinclination toward paying additional fees, two factors appear to be worsening this dynamic and making agreement less likely.

- First, the Department reports that stakeholders are concerned about uncertainty surrounding the Division's General Fund appropriation and whether any agreed-upon fee increases would simply be offset by General Fund reductions. The stakeholders want to see General Fund support for the WQCD continue. Staff questions whether stakeholder agreement would be likely without the General Fund uncertainty (see below) but the Department reports that the stakeholders have used questions about General Fund support to justify their opposition to fee increases.
- Second, WQCD stakeholders have little or no incentive to support increasing the resources available to the WQCD and often have an incentive not to do so. The WQCD has prioritized the

issuance of new permits over the renewal of existing permits in order to allow new facilities to begin operations. However, unlike air quality permittees, water quality permit holders continue operating while they await renewal. In addition, permit holders continue to operate under old permits that do not include conditions that would be necessary under renewed permits incorporating new regulations. Finally, the WQCD reports that it is unable to adequately inspect existing facilities; stakeholders have little incentive to improve the Division's inspection and enforcement. Staff notes that an increased permitting, inspection, and enforcement role for EPA in Colorado may provide an incentive for stakeholders to negotiate fee increases because the stakeholders prefer to work with the WQCD.

A third factor that has proven to be significant in past discussions of raising water quality fees is that many of the WQCD's major stakeholders are municipalities operating wastewater and drinking water plants as well as holding municipal stormwater permits. In the past, the Department has argued that raising fees on municipalities that are also facing budget shortfalls would result in fees being passed on to the general public anyway (making General Fund support more justifiable).

Legislative Options

Given the State's current revenue situation, staff recommends that the Committee carry legislation in the 2011 Session that would increase fees to allow for elimination of the WQCD's General Fund appropriation in FY 2011-12 and provide some level of net increase in total revenues to allow the WQCD to begin to address staffing needs. Staff also recommends that the Committee consider legislatively transferring fee setting authority to the Water Quality Control Commission (Commission) to allow the Commission to negotiate fee changes directly with stakeholders and better fit fees to the WQCD's needs. Below is a brief discussion of a range of options for the Committee's consideration.

- **Staff Recommendation:** Direct the Department to develop a fee bill for the 2011 Session that would allow the Committee to eliminate the WQCD's entire General Fund appropriation in FY 2011-12. Staff recommends that the legislation also provide sufficient fee revenue to increase the WQCD's total budget and begin to address the Division's staffing and resource needs. The Committee may wish to consider eliminating the General Fund and transferring fee setting authority to the Commission (as recommended by the Governor-elect's transition committee report on the Department of Public Health and Environment).
- Sponsor legislation that would allow for a reduction to (but not elimination of) the General Fund appropriation through increased fees. For example, the Committee could consider refinancing only the Clean Water Program but maintaining General Fund support for Drinking Water.
- Sponsor legislation that would raise fees and/or transfer fee setting authority to the Water Quality Control Commission but *not* reduce General Fund support for the WQCD. Doing so would start to address the Division's workload and staffing problem and may be agreeable to the stakeholders of the Legislature committed to maintaining General Fund support, *but it would do nothing for the State's overall budget crisis.*

- Defund the program and effectively return regulation of water quality programs to the EPA. Doing so could save the State \$2.5 million General Fund. The stakeholders would almost certainly oppose this option, and EPA staff has indicated that even with current resources the WQCD is better able to manage the State's water quality than the EPA would be, at least in the near term. The mechanics of reverting the program to the EPA are also unclear.

Department Arguments to Continue General Fund Support

The Department has raised several points in support of sustaining General Fund support for the WQCD.

First, the General Assembly has recognized the public benefit from the WQCD's programs and indicated that General Fund support is appropriate. Staff notes that Sec. 25-8-502 (c), C.R.S., says that "it is the intent of the general assembly that a portion of the expenses of the discharge permit system be funded from the general fund, reflecting the benefit derived by the general public; *except that the general assembly may determine, in any given fiscal year, that general fund revenues are inadequate to meet general fund demands and that, as a consequence, it shall be necessary to forego, subject to future reconsideration, all or some portion of such general fund contribution to the discharge permit program...*" [emphasis added].

Staff Response: If the Committee intends to permanently eliminate the WQCD's General Fund support, changing this statute would be appropriate. Given the emphasized section, no change would be necessary for a temporary refinance to address the current General Fund shortfall.

Second, the Department argues that some of its activities are not attributable to individual entities and may be more appropriately supported with General Fund. For example, the Department has previously cited emergency response, water quality standard development, water quality monitoring, response to public inquiries, and stakeholder participation activities, among others.

Staff Response: The General Assembly has chosen to support similar activities with cash funds from fees in the Air Quality Control Division, the Oil and Gas Conservation Commission, and other agencies, and staff does not see a compelling policy reason to treat the Water Quality Control Division differently.

In addition, staff has asked the Department to estimate the WQCD's annual expenditures on the activities identified as more appropriate for General Fund support. The Department has reported that the Division does not track its expenditures based on activity or fund source. As a result, even if the Committee agrees that specific activities should be supported with General Fund, staff has no means to estimate how much General Fund would be required. Given the lack of available information, staff cannot recommend continuing General Fund support because staff could not justify a specific amount. At figure setting, staff intends to recommend that the Committee approve a request for information asking the Department to report on how the WQCD used the FY 2011-12 appropriation, including the amounts expended for the activities mentioned above.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment
(Environmental Divisions Only)**

BRIEFING ISSUE

ISSUE: Options for General Fund Savings in Consumer Protection Division

Discusses options to reduce FY 2011-12 General Fund expenditures in the Consumer Protection Division (CPD).

SUMMARY:

- ❑ The CPD received \$1.2 million General Fund in FY 2010-11 and is requesting \$1.1 million in FY 2011-12. Those amounts do not include approximately \$170,000 General Fund appropriated to the Laboratory Services Division but directly associated with the CPD Dairy Program.
- ❑ Six CPD programs received General Fund appropriations for FY 2010-11, with the Dairy Program receiving the largest share. A 2009 Joint Budget Committee bill (H.B. 09-1320) increased fees on dairy processing plants and those fees could be adjusted to offset General Fund reductions within the Dairy Program.
- ❑ The CPD presents limited options for net funding reductions because of the potential economic and public health impacts of such reductions. However, refinancing activities currently funded with General Fund through increased fees would be a viable option and could yield over \$1 million in General Fund savings.

RECOMMENDATION:

Staff recommends that the Committee carry legislation increasing fees on the dairy industry, including levying new fees on farms, to reduce or eliminate the General Fund appropriation for the CPD Dairy Program in FY 2011-12. Staff recommends that the Committee also consider increasing fees to reduce General Fund appropriations to the Retail Food Program.

DISCUSSION:

The CPD received \$1.2 million General Fund in FY 2010-11, 42.9 percent of the Division's total appropriation. The distribution of General Fund among the CPD's programs in FY 2010-11 is shown in the following table.

Distribution of General Fund to Consumer Protection Division Programs in FY 2010-11

Program	General Fund Amount*	Total Program Budget	GF Percent of Program Budget
Program Administration**	\$222,158	\$561,056	40%
Milk and Dairy***	452,964	477,272	95%
Retail Food	312,671	943,121	33%
Child Care	89,284	89,284	100%
Vector	87,409	87,409	100%
Health Fraud	2,958	2,958	100%
Tanning	0	33,229	0%
Wholesale Food	0	350,113	0%
Corrections/Human Services Facilities	0	92,602	0%
School Chemistry Laboratories	0	55,149	0%
Total FY 2010-11 Long Bill Funding	\$1,167,444	\$2,692,192	43%

*Amounts do not include centrally appropriated "POTs" appropriations.

**Program Administration includes \$21,743 General Fund to support a contract with Teller County to perform consumer protection activities in its jurisdiction.

***Milk and Dairy amount shown does not include \$174,112 General Fund in Laboratory Services Division funding attributable to the Dairy Program. The Laboratory Services Division portion of dairy expenditures is 100 percent General Fund.

As shown in the table, six of the ten CPD programs received General Fund appropriations within the CPD line items in FY 2010-11. Below is a brief discussion of potential General Fund reductions in FY 2011-12 and beyond for the CPD programs that receive General Fund.

Program Administration (\$222,158 General Fund): This program supports all of the other CPD programs with administrative and financial functions. While General Fund reductions to Program Administration alone may not make sense, if the Committee chooses to reduce or refinance General Fund appropriations to the other programs, then staff would recommend proportional reductions or refinances within Program Administration.

Milk and Dairy (\$739,347 General Fund including laboratory expenses and Program Administration costs): The Dairy Program regulates dairy production and processing in Colorado and is solely responsible for that regulation; local health agencies do not have a role in dairy farm or plant regulation. The FY 2010-11 appropriation includes a total of approximately \$739,000 General Fund associated with the Dairy Program, including laboratory expenses and a proportional share of Program Administration funds (see table below).

FY 2010-11 CPD Dairy Program General Fund	Proportional Program Administration General Fund*	Associated Laboratory Services General Fund	Total FY 2010-11 General Fund Associated with Dairy Program
\$452,964	\$112,271	\$174,112	\$739,347

*Because the Dairy Program constitutes 56.0 percent of CPD programs' General Fund outside of Program Administration, staff assumes that percentage of General Fund within Program Administration is also associated with the Dairy Program.

The federal Pasturized Milk Ordinance requires the state health department to conduct inspection and regulatory activities for the dairy industry to operate in Colorado. As a result, significant reductions that were not offset with another funding source (e.g., increased fees) would effectively shut down dairy industry activity in Colorado, creating a significant impact on the Colorado economy and on the State's consumers who would have to purchase dairy products from out of state. **Staff does not recommend significant reductions to the Dairy Program without offsetting increases in fees.**

Until FY 2009-10, the program's funding was 100 percent General Fund. With the enactment of H.B. 09-1320 (a Joint Budget Committee bill), the General Assembly increased fee revenues paid by the dairy industry from a total of approximately \$1,300 per year (which was credited to the General Fund) to approximately \$38,000 in FY 2009-10, credited to the Dairy Protection Cash Fund created by the bill. The fees created by H.B. 09-1320 are shown in the following table.

Dairy Fees and Fee Revenues Pursuant to H.B. 09-1320
(Data from final Legislative Council Staff Fiscal Note dated June 10, 2009)

Type of Fee	Annual Fee	Number Affected	Total Annual Fee Impact
Product Testing License	\$50	250	\$12,500
Transfer or Receiving Stations	300	2	600
Plant Under 1,000 lbs. per day	300	11	3,300
Plant 1,000 to 19,999 lbs. per day	600	9	5,400
Plant 20,000 to 449,999 lbs. per day	1,000	11	11,000
Plant over 450,000 lbs. per day	1,600	3	<u>4,800</u>
Total			\$37,600

While staff does not believe that significant net reductions to the program (without offsetting fee increases) are advisable, the General Assembly could increase fees charged to the dairy industry and refinance some or all of the General Fund associated with the program (up to approximately \$739,000 per year).

Fully offsetting General Fund associated with the dairy program would require large fee increases. Based on anticipated revenues of about \$38,000 per year under the current fee structure, completely

refinancing current levels of General Fund would require fee revenues to increase by more than 20 times. While the fee increases would be significant, staff points out two factors that would mitigate the impacts on current fee-payers: 1) first, the current fee structure does not charge fees to farms even though farms are inspected and create costs for the program - levying fees on farms would add revenues and partially offset increases for other entities; and 2) even the increased fees would represent a minimal share of dairy-related income (the Department of Agriculture reports that gross dairy farm income, not including processors, was \$534.5 million in 2008 and \$359.3 million in 2009).¹

Staff recommends that the Committee sponsor legislation that would allow for the reduction or elimination of the Dairy Program's General Fund appropriation (and associated laboratory and administration expenditures) through increased fees charged to the industry. Staff recommends that the Committee work with the Department and the industry to develop an equitable fee structure, including fees charged to dairy farms and fees for laboratory services. The dairy industry is the clear beneficiary of the CPD program because the program's inspections, tests, and regulatory activities are mandatory for the industry to operate in Colorado. Staff argues that the fees would constitute a reasonable "cost of doing business" in the State.

Colorado's dairy industry contracted some in 2009 in terms of income and the number of producing cattle as demand for exports (primarily powdered milk) declined, forcing the industry to reduce herd sizes to decrease production. The industry argues that increasing fees could slow the industry's ongoing recovery. Given the size of the State's dairy industry, staff believes that the industry can afford to pay more to support the State's dairy regulatory program at least during the current budget crisis.

Retail Food (\$368,651 General Fund including Program Administration costs): The Retail Food Program inspects and regulates retail food facilities in counties that do not have local health agencies (Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache, Garfield, Moffat, Grand, and Jackson) and oversees the regulation of such facilities in counties that do have local health agencies. In FY 2010-11, the Retail Food Program received \$312,671 General Fund, one-third of the program's budget. Staff estimates that an additional \$55,980 General Fund in Program Administration would be associated with retail food operations based on the program's proportion of CPD General Fund, for a total of \$368,651 General Fund associated with the program (see table below).

FY 2010-11 CPD Retail Food General Fund	Proportional Program Administration General Fund*	Total FY 2010-11 General Fund Associated with Dairy Program
\$312,671	\$55,980	\$368,651

*Because the Retail Food Program constitutes 28.0 percent of CPD programs' General Fund outside of Program Administration, staff assumes that percentage of General Fund within Program Administration is also associated with the Retail Food Program.

¹See the "Colorado Agricultural Statistics 2010" report, produced jointly by the National Agricultural Statistics Service and the Colorado Department of Agriculture. The report is available at: www.nass.usda.gov/co.

The Department reports that the CPD is already conducting the minimum number of required regular inspections of retail food establishments based on a risk-based methodology. As a result, the Department argues that further reducing program resources will further reduce inspections and "undoubtedly result in safety violations and foodborne illness." **Based on the available information, staff would not recommend significant net reductions to the Retail Food Program.**

Under Section 25-4-1607, C.R.S., the Department charges fees to retail food establishments that it inspects. The General Assembly could refinance more (or all) of the existing General Fund with higher fees. Given that fees currently support two-thirds of program operations, fee revenues would need to increase by roughly 50 percent to fully offset the current General Fund appropriation.

The Department notes that some facilities are currently exempt from fees. Section 25-4-1607 (9) (a), C.R.S., effectively exempts certain facilities, including school cafeterias, senior center meal sites, soup kitchens, food banks, churches, and kitchens in the Colorado Department of Corrections and Division of Youth Corrections facilities. The Department estimates that inspecting these facilities will cost \$36,748 in FY 2010-11. Continuing to inspect these facilities would require either General Fund appropriations or fees charged to those establishments.

Staff recommends that the Committee consider sponsoring legislation to increase retail food inspection fees to allow for General Fund reductions in FY 2011-12. Given that fees already support the majority of the program's costs, increases appear to be defensible although the retail food industry would oppose any such increases. If the General Assembly wishes to continue exemptions for certain facilities, then maintaining a General Fund appropriation of at least \$36,748 would be necessary to continue inspections of those facilities.

Child Care (\$105,269 General Fund including Program Administration costs): The Child Care Program inspects and regulates environmental health at child care facilities in counties that do not have local health agencies (Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache, Garfield, Moffat, Grand, and Jackson) and oversees the regulation of such facilities in areas that do have local health agencies. Under statute (Section 26-6-104(4), C.R.S.), the Department of Human Services licenses childcare centers but requires the CPD to approve facilities based on sanitary standards.

The Child Care Program is entirely supported by General Fund and the General Assembly has not provided statutory authority to levy fees on child care facilities. Staff estimates that a total of \$105,269 General Fund is associated with the program in FY 2010-11, including a proportional share of General Fund in Program Administration (see table below).

FY 2010-11 CPD Child Care General Fund	Proportional Program Administration General Fund*	Total FY 2010-11 General Fund Associated with Dairy Program
\$89,284	\$15,985	\$105,269

*Because the Child Care Program constitutes 8.0 percent of CPD programs' General Fund outside of Program Administration, staff assumes that percentage of General Fund within Program Administration is also associated with Child Care.

According to the Department, the Child Care Program is already performing the minimum number of inspections required for licensure activities. As a result, significant reductions in funding would require reduced inspections and make at least some facilities in the affected counties ineligible for licensure, resulting in facility closures and impacts to both the facilities and the families that use them.

Staff recommends against significant net reductions to the Child Care Program. Given the relatively small amount of General Fund available (roughly \$105,000 including a proportion of Program Administration costs), staff does not believe that refinancing the program's appropriation would warrant separate legislation. However, the Committee could consider creating a fee structure either alone or as part of a larger CPD fee bill.

Vector Program (\$103,059 General Fund including Program Administration Costs): The Vector program conducts environmental assessments associated with outbreaks of vector-borne diseases such as west nile virus, hanta virus, plague, etc. In response to reported human cases, the program interviews local people, visits the area of exposure, and collects samples for laboratory analysis. The program also coordinates statewide surveillance and remediation, advises local public health agencies, and conducts public education and information activities.

Given the Vector Program's work, there is no realistic entity to pay fees, so a refinance is not possible. The Department also argues that while local public health agencies could perform the work, it makes more sense to have a consolidated statewide program than for local agencies to attempt to duplicate this expertise for outbreaks that may be very rare within a given local agency's jurisdiction.

The Committee could reduce or eliminate the Vector Program's appropriation. The Department argues that reducing or eliminating the appropriation would severely limit the CPD's ability to respond to outbreaks and limit the spread of disease. Staff does not have a way to analyze the effectiveness of the program at actually limiting the spread of vector borne diseases and cannot analyze the likely impact of significantly reducing the program's appropriation.

Health Fraud (\$3,488 General Fund including Program Administration Costs): The Health Fraud Program investigates fraudulent consumer products claiming to cure or prevent illness. According to the Department, past investigations have included spring water labeled as a cure for cancer, markets selling antibiotics over the counter without requiring a prescription, and products claiming to cure or prevent HIV and other sexually transmitted diseases.

Given the State's modest investment in the program, staff does not recommend eliminating the program at this time.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment
(Environmental Divisions Only)**

APPENDIX A: NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
	Actual	Actual	Approp.	Request	Change Requests
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT					
Executive Director: Martha Rudolph					
(1) ADMINISTRATION AND SUPPORT					
(C) Special Environmental Programs					
This subdivision houses the appropriations for environmental programs involving multiple divisions.					
Program Costs (formerly Environmental Leadership and Pollution Prevention)					
FTE	1,300,067	1,076,277	945,479	947,363	DI NP-6 (PERA)
	<u>8.2</u>	<u>8.8</u>	<u>7.8</u>	<u>7.8</u>	
Cash Funds	87,729	162,941	255,824	256,348	
FTE	0.9	1.0	0.8	0.8	
RF/CFE	0	0	0	0	
Federal Funds	1,212,338	913,336	689,655	691,015	
FTE	7.3	7.8	7.0	7.0	
Animal Feeding Operations (formerly Housed Commercial Swine Feeding Operations (HCSFO))					
General Fund	<u>53,880</u>	<u>442,596</u>	<u>474,339</u>	<u>469,201</u>	DI NP-6 (PERA)
Cash Funds	0	100,000	100,000	100,000	
FTE	53,880	342,596	374,339	369,201	
	0.5	3.2	3.5	3.5	
Recycling Resources Economic Opportunity Program - CF					
FTE	2,047,005	1,864,726	2,640,716	1,853,846	DI NP-6 (PERA)
	1.6	1.6	1.6	1.6	
Advanced Technology Research Grants					
Cash Funds	<u>551,515</u>	<u>1,082,107</u>	<u>0</u>	<u>0</u>	
RF/CFE	551,515	1,082,107	0	0	
	0	0	0	0	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
	Actual	Actual	Approp.	Request	Change Requests
Oil and Gas Consultation, Personal Services [New Line] - CF	0	128,219	110,904	108,208	DI NP-6 (PERA)
FTE	0.0	1.4	1.0	1.0	
Oil and Gas Consultation, Operating Expenses [New Line] - CF	0	1,214	9,789	9,789	
Innovative Higher Education Research Fund - CF	0	0	314,813	0	
Waste Tire Program - CF	0	0	3,052,850	3,367,663	
FTE	0.0	0.0	0.8	1.0	
SUBTOTAL - Special Environmental					Request vs. Approp
Programs	3,952,467	4,365,706	7,548,890	6,756,070	-10.5%
FTE	<u>10.3</u>	<u>13.6</u>	<u>14.7</u>	<u>14.9</u>	<u>0.2</u>
General Fund	0	100,000	100,000	100,000	0.0%
Cash Funds	2,740,129	3,452,370	6,759,235	5,965,055	-11.7%
FTE	3.0	5.8	7.7	7.9	0.2
RF/CFE	0	0	0	0	0.0%
Federal Funds	1,212,338	913,336	689,655	691,015	0.2%
FTE	7.3	7.8	7.0	7.0	0.0

(5) AIR POLLUTION CONTROL DIVISION

The Division enforces air quality regulations adopted by the Air Quality Control Commission and is responsible for providing air quality management services that contribute to the protection and improvement of public health, ecosystem integrity, and aesthetic values for odor and visibility. The sources of cash funds are the Stationary Sources Control Fund, the Automobile Inspection and Readjustment (AIR) Account of the Highway Users Tax Fund, the Lead Hazard Reduction Fund, the Oil and Gas Conservation and Environmental Response Fund, and some fee and tuition revenue.

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
(A) Administration					
Personal Services	358,644	373,077	375,788	375,901	DI NP-6 (PERA)
FTE	<u>4.3</u>	<u>4.4</u>	<u>4.5</u>	<u>4.5</u>	
Cash Funds	271,746	285,608	287,314	287,225	
FTE	3.1	3.1	3.1	3.1	
RF/CFE	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Federal Funds	86,898	87,469	88,474	88,676	
FTE	1.2	1.3	1.4	1.4	
Operating Expenses - FF	9,187	8,781	9,187	9,187	
Capital Outlay - CF	0	0	0	0	
Indirect Cost Assessment	<u>2,062,754</u>	<u>2,740,245</u>	<u>2,865,296</u>	<u>2,865,296</u>	
Cash Funds	1,589,216	2,380,794	2,459,761	2,459,761	
RF/CFE	0	0	0	0	
Federal Funds	473,538	359,451	405,535	405,535	
SUBTOTAL - Administration					
FTE	<u>4.3</u>	<u>4.4</u>	<u>4.5</u>	<u>4.5</u>	
Cash Funds	1,860,962	2,666,402	2,747,075	2,746,986	
FTE	3.1	3.1	3.1	3.1	
RF/CFE	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Federal Funds	569,623	455,701	503,196	503,398	
FTE	1.2	1.3	1.4	1.4	
(B) Technical Services					
Personal Services	2,672,898	2,666,414	2,723,614	2,719,731	DI NP-6 (PERA)
FTE	<u>30.7</u>	<u>29.1</u>	<u>34.1</u>	<u>34.1</u>	
Cash Funds	1,762,617	1,837,513	1,838,324	1,833,748	
FTE	20.5	21.1	21.8	21.8	
Federal Funds	910,281	828,901	885,290	885,983	
FTE	10.2	8.0	12.3	12.3	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
Operating Expenses	<u>376,892</u>	<u>373,660</u>	<u>400,802</u>	<u>400,802</u>	
Cash Funds	303,502	288,310	316,241	316,241	
Federal Funds	73,390	85,350	84,561	84,561	
Local Contracts	<u>557,865</u>	<u>787,824</u>	<u>730,368</u>	<u>730,368</u>	
Cash Funds	447,705	479,905	636,121	636,121	
Federal Funds	110,160	307,919	94,247	94,247	
SUBTOTAL - Technical Services					
FTE	<u>30.7</u>	<u>29.1</u>	<u>34.1</u>	<u>34.1</u>	
Cash Funds	2,513,824	2,605,728	2,790,686	2,786,110	
FTE	20.5	21.1	21.8	21.8	
Federal Funds	1,093,831	1,222,170	1,064,098	1,064,791	
FTE	10.2	8.0	12.3	12.3	
(C) Mobile Sources					
Personal Services	2,326,826	2,419,065	2,503,028	2,501,075	DI NP-6 (PERA)
FTE	<u>27.5</u>	<u>28.8</u>	<u>32.1</u>	<u>32.1</u>	
Cash Funds	2,161,952	2,293,425	2,342,731	2,339,888	
FTE	25.6	27.2	29.6	29.6	
Federal Funds	164,874	125,640	160,297	161,187	
FTE	1.9	1.6	2.5	2.5	
Operating Expenses	<u>141,905</u>	<u>261,083</u>	<u>368,392</u>	<u>345,577</u>	
Cash Funds	119,513	243,241	350,142	327,327	
Federal Funds	22,392	17,842	18,250	18,250	
Diesel Inspection/Maintenance Program - CF	647,742	636,394	639,240	638,415	DI NP-6 (PERA)
FTE	6.6	6.4	6.6	6.6	
Mechanic Certification Program - CF	5,180	2,832	7,000	7,000	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
Local Grants - CF	97,669	350,800	45,299	45,299	
SUBTOTAL - Mobile Sources	3,219,322	3,670,174	3,562,959	3,537,366	
FTE	<u>34.1</u>	<u>35.2</u>	<u>38.7</u>	<u>38.7</u>	
Cash Funds	3,032,056	3,526,692	3,384,412	3,357,929	
FTE	32.2	33.6	36.2	36.2	
Federal Funds	187,266	143,482	178,547	179,437	
FTE	1.9	1.6	2.5	2.5	
(D) Stationary Sources					
Personal Services	6,462,004	5,958,426	6,126,493	6,128,105	DI NP-6 (PERA)
FTE	<u>80.8</u>	<u>75.8</u>	<u>81.8</u>	<u>81.8</u>	
Cash Funds	5,238,053	5,065,083	4,939,170	4,935,437	
FTE	66.7	65.6	64.0	64.0	
Federal Funds	1,223,951	893,343	1,187,323	1,192,668	
FTE	14.1	10.2	17.8	17.8	
Operating Expenses	<u>404,140</u>	<u>342,937</u>	<u>389,477</u>	<u>389,477</u>	
Cash Funds	401,412	340,454	388,147	388,147	
Federal Funds	2,728	2,483	1,330	1,330	
Local Contracts	<u>764,140</u>	<u>870,318</u>	<u>837,147</u>	<u>837,147</u>	
Cash Funds	662,523	702,124	722,067	722,067	
Federal Funds	101,617	168,194	115,080	115,080	
Preservation of the Ozone Layer - CF	213,155	262,064	228,828	227,066	
FTE	2.0	2.0	2.0	2.0	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
	Actual	Actual	Approp.	Request	Change Requests
SUBTOTAL - Stationary Sources	7,843,439	7,433,745	7,581,945	7,581,795	
FTE	<u>82.8</u>	<u>77.8</u>	<u>83.8</u>	<u>83.8</u>	
Cash Funds	6,515,143	6,369,725	6,278,212	6,272,717	
FTE	68.7	67.6	66.0	66.0	
Federal Funds	1,328,296	1,064,020	1,303,733	1,309,078	
FTE	14.1	10.2	17.8	17.8	
TOTAL - (5) AIR QUALITY CONTROL					Request vs. Approp
DIVISION	17,101,001	18,053,920	18,249,959	18,220,446	-0.2%
FTE	<u>151.9</u>	<u>146.5</u>	<u>161.1</u>	<u>161.1</u>	<u>0.0</u>
Cash Funds	13,921,985	15,168,547	15,200,385	15,163,742	-0.2%
FTE	124.5	125.4	127.1	127.1	0.0
Federal Funds	3,179,016	2,885,373	3,049,574	3,056,704	0.2%
FTE	27.4	21.1	34.0	34.0	0.0

(6) WATER QUALITY CONTROL DIVISION

The Division enforces water quality regulations adopted by the Water Quality Control Commission and the State Board of Health through stream classifications and standards, discharge permits, site application reviews, technical assistance, and drinking water surveillance. Cash fund sources include the Water Quality Control Fund, the Sludge Management Program Fund, the Industrial Pretreatment Fund, and the Drinking Water Fund. Reappropriated funds come from transfers from the Department of Agriculture and the Department of Local Affairs.

(A) Administration

Personal Services	940,349	870,932	1,145,790	1,134,112	DI NP-2 (2% Cut); DI NP-6 (PERA)
FTE	<u>13.2</u>	<u>11.8</u>	<u>17.7</u>	<u>17.7</u>	
General Fund	506,837	515,630	568,455	558,222	
FTE	7.5	7.6	8.8	8.8	
Cash Funds	183,346	189,335	190,364	190,367	
FTE	2.6	2.6	2.7	2.7	
Federal Funds	250,166	165,967	386,971	385,523	
FTE	3.1	1.6	6.2	6.2	
Operating Expenses	<u>47,831</u>	<u>25,480</u>	<u>52,356</u>	<u>52,356</u>	
General Fund	18,834	18,834	18,834	18,834	
Cash Funds	3,459	3,459	3,459	3,459	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
Federal Funds	25,538	3,187	30,063	30,063	
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
RF/CFE	0	0	0	0	
Indirect Cost Assessment	<u>2,041,517</u>	<u>2,166,272</u>	<u>1,958,088</u>	<u>1,958,088</u>	
Cash Funds	672,027	897,028	906,888	906,888	
RF/CFE	0	0	0	0	
Federal Funds	1,369,490	1,269,244	1,051,200	1,051,200	
SUBTOTAL - Administration	3,029,697	3,062,684	3,156,234	3,144,556	
FTE	<u>13.2</u>	<u>11.8</u>	<u>17.7</u>	<u>17.7</u>	
General Fund	525,671	534,464	587,289	577,056	
FTE	7.5	7.6	8.8	8.8	
Cash Funds	858,832	1,089,822	1,100,711	1,100,714	
FTE	2.6	2.6	2.7	2.7	
RF/CFE	0	0	0	0	
Federal Funds	1,645,194	1,438,398	1,468,234	1,466,786	
FTE	3.1	1.6	6.2	6.2	
(B) Clean Water Program [Created in FY 2010-11]					
Personal Services	6,854,683	6,467,165	6,331,731	6,316,781	DI NP-2 (2% Cut); DI NP-6 (PERA)
FTE	<u>78.9</u>	<u>75.9</u>	<u>80.0</u>	<u>80.0</u>	
General Fund	484,255	537,869	540,981	530,927	
FTE	8.4	7.1	8.4	8.4	
Cash Funds	3,303,067	3,172,430	3,381,954	3,379,309	
FTE	38.9	39.1	40.2	40.2	
RF/CFE	41,767	38,957	38,957	38,255	
FTE	0.5	0.4	0.5	0.5	
Federal Funds	3,025,594	2,717,909	2,369,839	2,368,290	
FTE	31.1	29.3	30.9	30.9	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
Operating Expenses	<u>1,010,784</u>	<u>1,107,751</u>	<u>796,985</u>	<u>796,985</u>	
General Fund	557,727	503,913	503,913	503,913	
Cash Funds	125,996	113,347	113,347	113,347	
RF/CFE	1,675	1,675	1,675	1,675	
Federal Funds	325,386	488,816	178,050	178,050	
Local Grants and Contracts - FF	1,755,721	2,164,196	2,136,456	2,136,456	
Water Quality Improvement - CF	102,232	38,781	117,196	117,196	
SUBTOTAL - Clean Water Program	9,723,420	9,777,893	9,382,368	9,367,418	
FTE	<u>78.9</u>	<u>75.9</u>	<u>80.0</u>	<u>80.0</u>	
General Fund	1,041,982	1,041,782	1,044,894	1,034,840	
FTE	8.4	7.1	8.4	8.4	
Cash Funds	3,531,295	3,324,558	3,612,497	3,609,852	
FTE	38.9	39.1	40.2	40.2	
RF/CFE	43,442	40,632	40,632	39,930	
FTE	0.5	0.4	0.5	0.5	
Federal Funds	5,106,701	5,370,921	4,684,345	4,682,796	
FTE	31.1	29.3	30.9	30.9	
(D) Drinking Water Program					
Personal Services	5,419,954	5,661,026	2,595,297	2,574,717	DI NP-2 (2% Cut); DI NP-6 (PERA)
FTE	<u>55.9</u>	<u>59.1</u>	<u>36.2</u>	<u>36.2</u>	
General Fund	853,748	864,438	818,755	801,099	
FTE	12.7	12.1	14.1	14.1	
Cash Funds	313,281	338,823	340,521	340,215	
FTE	3.5	3.2	3.5	3.5	
Federal Funds	4,252,925	4,457,765	1,436,021	1,433,403	
FTE	39.7	43.8	18.6	18.6	
Operating Expenses	<u>1,131,378</u>	<u>1,666,725</u>	<u>213,583</u>	<u>213,583</u>	
General Fund	75,873	94,887	94,887	94,887	
Cash Funds	1,750	1,750	1,750	1,750	
Federal Funds	1,053,755	1,570,088	116,946	116,946	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
	Actual	Actual	Approp.	Request	Change Requests
SUBTOTAL - Drinking Water Program	6,551,332	7,327,751	2,808,880	2,788,300	
FTE	<u>55.9</u>	<u>59.1</u>	<u>36.2</u>	<u>36.2</u>	
General Fund	929,621	959,325	913,642	895,986	
FTE	12.7	12.1	14.1	14.1	
Cash Funds	315,031	340,573	342,271	341,965	
FTE	3.5	3.2	3.5	3.5	
Federal Funds	5,306,680	6,027,853	1,552,967	1,550,349	
FTE	39.7	43.8	18.6	18.6	
TOTAL - (6) WATER QUALITY CONTROL					Request vs. Approp
DIVISION	19,304,449	20,168,328	15,347,482	15,300,274	-0.3%
FTE	<u>148.0</u>	<u>146.8</u>	<u>133.9</u>	<u>133.9</u>	<u>0.0</u>
General Fund	2,497,274	2,535,571	2,545,825	2,507,882	-1.5%
FTE	28.6	26.8	31.3	31.3	0.0
Cash Funds	4,705,158	4,754,953	5,055,479	5,052,531	-0.1%
FTE	45.0	44.9	46.4	46.4	0.0
RF/CFE	43,442	40,632	40,632	39,930	-1.7%
FTE	0.5	0.4	0.5	0.5	0.0
Federal Funds	12,058,575	12,837,172	7,705,546	7,699,931	-0.1%
FTE	73.9	74.7	55.7	55.7	0.0

(7) HAZARDOUS MATERIALS AND WASTE MANAGEMENT DIVISION

The Division enforces the solid and hazardous waste regulations adopted by the Hazardous Waste Commission, providing for cradle-to-grave management of hazardous waste in Colorado to ensure that it does not contaminate the environment or endanger public health. The primary sources of cash funds are the Hazardous Waste Service Fund, the Hazardous Waste Commission Fund, the Hazardous Substance Response Fund, the Radiation Control Fund, the Solid Waste Management Fund, and the Waste Tire Recycling Development Cash Fund. Reappropriated funds come from transfers from the Department of Transportation and the Department of Local Affairs.

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
(A) Administration					
Program Costs	160,910	146,080	316,965	318,772	DI NP-6 (PERA)
FTE	<u>1.4</u>	<u>1.2</u>	<u>3.4</u>	<u>3.4</u>	
Cash Funds	160,910	145,499	254,499	256,306	
FTE	1.4	1.2	3.1	3.1	
RF/CFE	0	0	40,000	40,000	
Federal Funds	0	581	22,466	22,466	
FTE	0.0	0.0	0.3	0.3	
Legal Services	405,597	207,461	458,397	454,628	
hours	<u>5,401</u>	<u>2,752</u>	<u>6,145</u>	<u>6,145</u>	
Cash Funds	269,310	63,754	296,555	292,786	
RF/CFE	354	525	525	525	
Federal Funds	135,933	143,182	161,317	161,317	
Capital Outlay - CF	0	0	0	0	
Indirect Cost Assessment	<u>1,722,847</u>	<u>1,957,075</u>	<u>2,053,931</u>	<u>2,053,931</u>	
Cash Funds	808,835	1,227,232	1,250,596	1,250,596	
RF/CFE	30,234	33,995	36,000	36,000	
Federal Funds	883,778	695,848	767,335	767,335	
SUBTOTAL - Administration	2,289,354	2,310,616	2,829,293	2,827,331	
FTE	<u>1.4</u>	<u>1.2</u>	<u>3.4</u>	<u>3.4</u>	
Cash Funds	1,239,055	1,436,485	1,801,650	1,799,688	
FTE	1.4	1.2	3.1	3.1	
RF/CFE	30,588	34,520	76,525	76,525	
Federal Funds	1,019,711	839,611	951,118	951,118	
FTE	0.0	0.0	0.3	0.3	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
(B) Hazardous Waste Control Program					
Personal Services	3,542,618	3,539,680	3,740,323	3,738,754	DI NP-6 (PERA)
FTE	<u>34.7</u>	<u>35.8</u>	<u>42.0</u>	<u>42.0</u>	
Cash Funds	1,716,790	1,838,187	2,156,703	2,154,340	
FTE	17.6	20.4	21.8	21.8	
Federal Funds	1,825,828	1,701,493	1,583,620	1,584,414	
FTE	17.1	15.4	20.2	20.2	
Operating Expenses	<u>204,573</u>	<u>159,993</u>	<u>229,006</u>	<u>229,006</u>	
Cash Funds	78,132	66,808	78,948	78,948	
Federal Funds	126,441	93,185	150,058	150,058	
SUBTOTAL - Hazardous Waste Control					
FTE	<u>34.7</u>	<u>35.8</u>	<u>42.0</u>	<u>42.0</u>	
Cash Funds	1,794,922	1,904,995	2,235,651	2,233,288	
FTE	17.6	20.4	21.8	21.8	
Federal Funds	1,952,269	1,794,678	1,733,678	1,734,472	
FTE	17.1	15.4	20.2	20.2	
(C) Solid Waste Control Program					
Program Costs - CF	1,555,260	1,616,661	2,391,825	2,385,521	DI NP-6 (PERA)
FTE	15.8	15.9	20.8	20.8	
d/ For FY 2009-10, includes \$28,643 and 0.4 FTE pursuant to H.B.					
Waste Tire Management Program - CF	0	0	543,679	1,015,663	
FTE	0.0	0.0	2.1	2.1	
SUBTOTAL - Solid Waste Control Program -CF					
FTE	15.8	15.9	22.9	22.9	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
(D) Uranium Mill Tailings Remedial Action Program					
Program Costs	207,500	211,389	233,489	233,290	DI NP-6 (PERA)
FTE	<u>2.5</u>	<u>0.0</u>	<u>3.1</u>	<u>3.1</u>	
RF/CFE	184,492	184,552	189,078	189,104	
FTE	2.3	0.0	2.6	2.6	
Federal Funds	23,008	26,837	44,411	44,186	
FTE	0.2	0.0	0.5	0.5	
(E) Contaminated Site Cleanups					
Personal Services	3,598,275	3,676,852	4,474,507	4,475,006	DI NP-6 (PERA)
FTE	<u>29.1</u>	<u>23.0</u>	<u>37.8</u>	<u>37.8</u>	
Cash Funds	715,358	590,342	1,182,523	1,182,022	
FTE	6.7	5.5	13.4	13.4	
RF/CFE	0	0	0	0	
Federal Funds	2,882,917	3,086,510	3,291,984	3,292,984	
FTE	22.4	17.5	24.4	24.4	
Operating Expenses	<u>637,847</u>	<u>571,282</u>	<u>222,991</u>	<u>222,991</u>	
Cash Funds	28,048	22,046	53,382	53,382	
RF/CFE	0	0	0	0	
Federal Funds	609,799	549,236	169,609	169,609	
Contaminated Sites Operation & Maintenance	<u>1,285,107</u>	<u>1,215,343</u>	<u>2,022,864</u>	<u>2,022,864</u>	
Cash Funds	152,984	834,871	1,559,186	1,559,186	
Federal Funds	1,132,123	380,472	463,678	463,678	
Legal Services for CERCLA					
Contract Oversight-Related Costs	<u>425,000</u>	<u>473,000</u>	<u>936,159</u>	<u>936,159</u>	
Cash Funds	425,000	473,000	936,159	936,159	
Federal Funds	0	0	0	0	
Hours	N/A	N/A	N/A	N/A	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
SUBTOTAL - Contaminated Site Cleanups	5,946,229	5,936,477	7,656,521	7,657,020	
FTE	<u>29.1</u>	<u>23.0</u>	<u>37.8</u>	<u>37.8</u>	
Cash Funds	1,321,390	1,920,259	3,731,250	3,730,749	
FTE	6.7	5.5	13.4	13.4	
RF/CFE	0.0	0	0	0	
Federal Funds	4,624,839	4,016,218	3,925,271	3,926,271	
FTE	22.4	17.5	24.4	24.4	
(F) Rocky Flats Agreement					
Program Costs - FF	181,687	152,531	240,490	240,537	DI NP-6 (PERA)
FTE	1.2	0.9	2.3	2.3	
Legal Services - FF	18,771	10,478	10,198	10,198	
Hours	250	139	139	139	
SUBTOTAL - Rocky Flats Agreement - FF	200,458	163,009	250,688	250,735	
FTE	1.2	0.9	2.3	2.3	
(G) Radiation Management					
Personal Services	1,878,940	2,049,997	1,940,738	1,935,699	DI NP-6 (PERA)
FTE	<u>21.5</u>	<u>24.0</u>	<u>23.1</u>	<u>23.1</u>	
Cash Funds	1,625,527	1,781,493	1,768,605	1,763,193	
FTE	18.7	21.0	20.9	20.9	
RF/CFE	0	0	0	0	
Federal Funds	253,413	268,504	172,133	172,506	
FTE	2.8	3.0	2.2	2.2	
Operating Expenses	<u>260,032</u>	<u>228,501</u>	<u>255,525</u>	<u>255,525</u>	
Cash Funds	69,360	71,870	98,039	98,039	
Federal Funds	190,672	156,631	157,486	157,486	

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
	Actual	Actual	Approp.	Request	Change Requests
SUBTOTAL - Radiation Management	2,138,972	2,278,498	2,196,263	2,191,224	
FTE	<u>21.5</u>	<u>24.0</u>	<u>23.1</u>	<u>23.1</u>	
Cash Funds	1,694,887	1,853,363	1,866,644	1,861,232	
FTE	18.7	21.0	20.9	20.9	
RF/CFE	0	0	0	0	
Federal Funds	444,085	425,135	329,619	329,992	
FTE	2.8	3.0	2.2	2.2	

SUBTOTAL - (7) HAZARDOUS MATERIALS					Request vs. Approp
WASTE MANAGEMENT DIVISION	16,084,964	16,216,323	20,071,087	20,528,544	2.3%
FTE	<u>106.2</u>	<u>100.8</u>	<u>134.6</u>	<u>134.6</u>	<u>0.0</u>
Cash Funds	7,605,514	8,731,763	12,570,699	13,026,141	3.6%
FTE	60.2	64.0	82.1	82.1	0.0
RF/CFE	215,080	219,072	265,603	265,629	0.0%
FTE	2.3	0.0	2.6	2.6	0.0
Federal Funds	8,264,370	7,265,488	7,234,785	7,236,774	0.0%
FTE	43.7	36.8	49.9	49.9	0.0

(8) CONSUMER PROTECTION

The Consumer Protection Division is responsible for programs designed to protect the public from disease and injury through identification and control of environmental factors in food, drugs, medical devices, institutions, consumer products, and insect and rodent vectors affecting public health. The primary sources of cash funds are the Food Protection Cash Fund, the Wholesale Food Manufacturing and Storage Protection Fund, and the Artificial Tanning Device Education Fund. Reappropriated funds come from transfers from the Department of Corrections and the Department of Human Services.

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Change Requests
	Actual	Actual	Approp.	Request	
Personal Services	1,983,959	2,206,610	2,332,255	2,305,889	DI NP-2 (2% Cut); DI NP-6 (PERA)
FTE	<u>23.5</u>	<u>25.1</u>	<u>30.5</u>	<u>30.5</u>	
General Fund	1,104,549	1,132,935	1,137,807	1,112,960	
FTE	12.7	12.6	16.2	16.2	
Cash Funds	587,633	676,049	846,404	844,317	
FTE	7.1	7.7	9.9	9.9	
RF/CFE	78,751	79,510	79,860	79,527	
FTE	1.1	1.1	2.0	2.0	
Federal Funds	213,026	318,116	268,184	269,085	
FTE	2.6	3.7	2.4	2.4	
Operating Expenses	<u>132,402</u>	<u>204,889</u>	<u>166,055</u>	<u>166,055</u>	
General Fund	29,637	29,637	29,637	29,637	
Cash Funds	56,459	109,427	98,158	98,158	
RF/CFE	8,903	7,546	9,708	9,708	
Federal Funds	37,403	58,279	28,552	28,552	
Capital Outlay - GF	0	0	0	0	
Indirect Cost Assessment	<u>137,145</u>	<u>221,135</u>	<u>193,882</u>	<u>193,882</u>	
Cash Funds	91,379	151,168	145,168	145,168	
RF/CFE	45,766	7,000	7,000	7,000	
Federal Funds	0	62,967	41,714	41,714	
TOTAL - (8) CONSUMER PROTECTION					Request vs. Approp
DIVISION	2,253,506	2,632,634	2,692,192	2,665,826	-1.0%
FTE	<u>23.5</u>	<u>25.1</u>	<u>30.5</u>	<u>30.5</u>	<u>0.0</u>
General Fund	1,134,186	1,162,572	1,167,444	1,142,597	-2.1%
FTE	12.7	12.6	16.2	16.2	0.0
Cash Funds	735,471	936,644	1,089,730	1,087,643	-0.2%
FTE	7.1	7.7	9.9	9.9	0.0
RF/CFE	133,420	94,056	96,568	96,235	-0.3%
FTE	1.1	1.1	2.0	2.0	0.0
Federal Funds	250,429	439,362	338,450	339,351	0.3%
FTE	2.6	3.7	2.4	2.4	0.0

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
	Actual	Actual	Approp.	Request	Change Requests
TOTAL -					Request vs. Approp
ENVIRONMENTAL DIVISIONS	58,696,387	61,436,911	63,909,610	63,471,160	-0.7%
FTE	<u>439.9</u>	<u>432.8</u>	<u>474.8</u>	<u>475.0</u>	<u>0.2</u>
General Fund	3,631,460	3,698,143	3,813,269	3,750,479	-1.6%
FTE	41.3	39.4	47.5	47.5	0.0
Cash Funds	29,708,257	33,044,277	40,675,528	40,295,112	-0.9%
FTE	239.8	247.8	273.2	273.4	0.2
RF/CFE	391,942	353,760	402,803	401,794	-0.3%
FTE	3.9	1.5	5.1	5.1	0.0
Federal Funds	24,964,728	24,340,731	19,018,010	19,023,775	0.0%
FTE	154.9	144.1	149.0	149.0	0.0

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **H.B. 10-1018 (Looper/Gibbs):** Consolidates authority over waste tire fees within the Department of Public Health and Environment and adds requirements for fire prevention, planning, registration, decals, and manifests for certain waste tire haulers and waste tire facilities. Transfers administration of the Waste Tire Cleanup Fund from the Department of Local Affairs to the Department of Public Health and Environment. Repeals the Advanced Technology Fund. Repeals and reenacts the allocation of waste tire fees, with the following allocation:
- Until July 1, 2014, 30.33 percent to the Processors and End Users Fund and 6.67 percent to the Innovative Higher Education Research Fund; after July 1, 2014, 37.0 percent to the Processors and End Users Fund with no transfers to the Innovative Higher Education Research fund;
 - 39.66 percent to the Waste Tire Cleanup Fund;
 - 6.67 percent to the Waste Tire Fire Prevention Fund until July 1, 2011, after which the allocation is increased to 8.0 percent;
 - 16.67 percent to the Recycling Resources Economic Opportunity Fund until July 1, 2011, after which there are no transfers to the Recycling Resource Economic Opportunity Fund;
 - After July 1, 2011, 6.67 percent to the Waste Tire Market Development Fund and 8.67 percent to the Law Enforcement Grant Fund.

For FY 2010-11, appropriates a total of \$3,945,855 cash funds from multiple waste tire-related cash funds and 3.1 FTE to the Department of Public Health and Environment and \$71,970 cash funds to the Department of Public Safety, Division of Fire Safety. Reduces the FY 2010-11 Long Bill appropriation to the Department of Local Affairs by \$4,200,000 cash funds and 0.7 FTE. For more information on H.B. 10-1018, see the "Recent Legislation" sections at the end of the Department of Local Affairs and the Department of Public Safety.

- ❑ **H.B. 10-1125 (Hullinghorst/Schwartz):** Empowers the Department of Public Health and Environment (Department) to regulate the collection, transportation, and disposal of trap grease and yellow grease. Requires persons, facilities, and vehicles engaged in the collection, transportation, storage, processing, or disposal of grease to register annually with the Department, including completing an application, paying a fee, and posting a surety bond or other method of financial assurance. Requires registered facilities and vehicles to display Department-issued decals and requires registrants to complete manifests created by the Department. Requires the Solid and Hazardous Waste Commission to promulgate rules to implement the bill by December 31, 2011. Appropriates \$61,964 cash funds from the Solid Waste Management Cash Fund and 0.7 FTE to the Department of Public Health and Environment and \$7,538 reappropriated funds to the Department of Law in FY 2010-11. For more information, see the corresponding bill description for the Department of Law.

- ❑ **H.B. 10-1311 (Pommer/Keller):** Supplemental appropriation to the Department of Public Health and Environment to adjust FY 2009-10 appropriations.

- ❑ **H.B. 10-1329 (Peniston/Boyd):** Extends the repeal date of the solid waste user fee from July 1, 2010 to July 1, 2017, delegates fee setting authority to the Solid and Hazardous Waste Commission (Commission), and requires the Commission to promulgate regulations setting such fees. Transfers \$400,000 from the Hazardous Substance Response Fund to the Solid Waste Management Fund for FY 2010-11 to avoid anticipated insolvency of the Solid Waste Management Fund, and to allow for continued operation of the solid waste management program. Specifies criteria for the determination of the fee and the destinations to which portions of the fee shall be sent. Specifies that if the balance of the Hazardous Substance Response Fund exceeds \$10.0 million and is not expected to decrease below \$10.0 million for at least two years then the Department shall evaluate the need to reduce fees to maintain a balance that is less than \$10.0 million and present the analysis to the Commission. Appropriates \$511,159 from the Hazardous Substance Response Fund to the Colorado Department of Public Health and Environment for payments to the Department of Law for CERCLA-related services. Changes from General Fund to reappropriated funds \$511,159 of FY 2010-11 appropriations to the Department of Law that are contained in the FY 2010-11 Long Bill.

- ❑ **H.B. 10-1376 (Pommer/Keller):** General appropriations act for FY 2010-11. Contains supplemental adjustments to FY 2009-10 and FY 2008-09 appropriations.

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**APPENDIX C: UPDATE OF FY 2010-11
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

42 Department of Public Health and Environment, Administration and Support, Special Environmental Programs, Recycling Resources Economic Opportunity Program -- It is the intent of the General Assembly that the Pollution Prevention Advisory Board prioritize the use of these funds in awarding grants pursuant to Section 25-16.5-106.7 (4) (j), C.R.S., for the reduction of waste tire stockpiles in Colorado.

Comment: The Department indicates that it is complying with the footnote and is prioritizing the use of funds for the reduction of waste tire stockpiles but is not limiting the use of funds to such activities.

43 Department of Public Health and Environment, Administration and Support, Special Environmental Programs, Advanced Technology Research Grants -- It is the intent of the General Assembly that the Pollution Prevention Advisory Board prioritize the use of these funds in awarding grants pursuant to Section 25-16.5-105 (2) (b), C.R.S., for the reduction of waste tire stockpiles in Colorado.

Comment: The Department indicates that it is complying with the footnote and is prioritizing the use of funds for the reduction of waste tire stockpiles but is not limiting the use of funds to such activities.

Requests for Information

44 Department of Public Health and Environment, Air Pollution Control Division -- The Department is requested to submit a report on the Air Pollution Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2010.

Comment: The Department has complied with this request. The report indicates that the Department anticipates a need for 15.0 additional FTE over the next three years. The table below shows the distribution of identified FTE needs.

Summary of Resource Needs for the Air Quality Control Division

Program Area	FY 11-12		FY 12-13		FY 13-14		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Mobile Sources	0.0	0	0.0	0	0.0	0	0.0	0
Technical Services	3.0	284,729	1.0	102,276	1.0	102,276	5.0	489,281
Stationary Sources	7.0	683,930	3.0	297,255	0.0	0	10.0	981,185
Total	10.0	968,659	4.0	399,531	1.0	102,276	15.0	1,470,466

45 Department of Public Health and Environment, Water Quality Control Division -- The Department is requested to submit a report on the Water Quality Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2010.

Comment: The Department complied with this request. As shown in the following table, the report indicates that the Water Quality Control Division needs an additional 66.3 FTE over the next three years, with the bulk of positions in the Clean Water Program (42.3 FTE over three years and 28.3 FTE in FY 2011-12 alone). The increased needs are driven by current workload as well as anticipated increases in workload associated with new standards and regulations, population growth, and growth in the number of sources requiring permitting and inspection activities. The Department's complete response is attached as Appendix D.

Summary of Resource Needs for the Water Quality Control Division

Program Area	FY 11-12		FY 12-13		FY 13-14		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Drinking Water	3.5	204,516	6.0	362,649	9.0	608,412	18.5	1,175,577
Clean Water	28.3	1,787,509	9.0	598,997	5.0	331,720	42.3	2,718,226
Administration	0.0	0	1.5	57,010	4.0	155,628	5.5	212,638
Total	31.8	1,992,025	16.5	1,018,656	18.0	1,095,760	66.3	4,106,441

Notes:

- FTE costs are based upon FY 2010-11 Department of Personnel compensation plan.
- The data for this table is from the Department's November 1, 2010 request for information 45 report and has not been independently evaluated by staff.

46 Department of Public Health and Environment, Hazardous Materials and Waste Management Division, Contaminated Site Cleanups -- The Department is requested to submit a report on its

CERCLA program. This report is requested to include detailed expenditures for the program, including out-year estimates by project and associated project financing. The report should also include an analysis of long-term funding needs of the State in responding to, litigating, and cleaning up CERCLA sites, including estimated long-term maintenance costs for these sites. The report should also provide information on the Hazardous Substance Response Fund balance and out-year fiscal estimates. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2010.

Comment: The Department complied with this request for information. As discussed under *Factors Driving the Budget* on page 7, beginning in 2002, there were concerns about the Hazardous Substance Response Fund's (HSRF) long-term solvency after the Legislature transferred \$30.0 million of the fund balance to the General Fund. That transfer was repaid to the HSRF in January 2006. Facing the current economic downturn, the General Assembly transferred a total of \$32.5 million of the fund balance to the General Fund during the 2009 Session, with no repayment provision.

During the 2010 Session, the General Assembly enacted H.B. 10-1329 which: 1) transferred fee setting authority for "tipping fees" that fund the HSRF to the Solid and Hazardous Waste Commission; 2) capped the fee at no more than \$0.50 per cubic yard; and 3) limited the HSRF balance to no more than \$10.0 million over several years. Prior to the enactment of H.B. 10-1329, the Department's goal had been to maintain an HSRF balance equal to the net present value of all current and future Superfund obligations, which was why the fund had accumulated large balances enabling transfers to the General Fund. The enactment of H.B. 10-1329 converts the HSRF to more of a "pay-as-you-go" system which will require higher fees to support operations in the future but avoids the accumulation of larger fund balances.

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**APPENDIX D: DEPARTMENT RESPONSE TO FY 2010-11
REQUEST FOR INFORMATION #45 (WATER QUALITY CONTROL DIVISION)**

STATE OF COLORADO

Bill Ritter, Jr., Governor
Martha E. Rudolph, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

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Colorado Department
of Public Health
and Environment

Legislative Request for Information Water Quality Control Division 2010-2011

Department of Public Health and Environment, Water Quality Control Division – The Department is requested to submit a report on the Water Quality Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2010.

The protection, maintenance, and restoration of Colorado's water resources is a dynamic process that continues to change due to population growth in the state and the attendant pressure on a limited supply, and a regulatory framework that continues to evolve as our understanding and knowledge of water quality issues improves and science and technology advances. While it is difficult to predict the future program requirements and resource needs of the Water Quality Control Division (Division), this report provides the Division's best estimate at this point in time. This report includes a summary of the Division's current and anticipated workloads, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs by program. Please note that this report is in response to a legislative request and is not a request for additional resources.

Executive Summary

The Division has been experiencing a growing resource gap over the last few years. The workload has substantially increased due to population growth, more demands on a static or declining water supply, new EPA drinking water and clean water rules and policies, a U.S. Appeals Court ruling on pesticide permitting, and aging and failing water and wastewater infrastructure. These factors are straining existing division resources and negatively impacting essential core responsibilities resulting in the following negative impacts:

- the number of permitted facilities that are not inspected is growing;
- approximately 200 wastewater facilities are discharging domestic waste to groundwater without a permit;
- a significant percentage of identified drinking water and wastewater violations including infrastructure deficiencies are not resolved;

- lack of oversight of drinking water supplied from non-community groundwater systems;
- the backlog of priority permits not issued will exceed EPA's 30% threshold requirement, and
- reduced level of data collection and analysis of streams, lakes/reservoirs, wetlands, and aquatic life conditions.

There is an increased risk of public health disease outbreaks, increased chronic health risks from drinking water due to exposure to contaminants such as elevated radionuclides, delayed response to spills into state waters, and an increased risk to the State's water quality.

The Division has identified an immediate need of 31.8 FTE in 2011-2012. Based on national models for full implementation of the Safe Drinking Water and Clean Water Act Programs an additional 34.5 FTE will be needed over the next three years for an overall resource need of 66.3 FTE.

Legislative Request for Information Water Quality Control Division 2010-2011

Introduction

The Division is organized into three programs: Safe Drinking Water, Clean Water, and Administration. The core functions are outlined below:

Water Quality Control Division

Assure safe drinking water is provided from public water systems for the people of the state
(Federal Safe Drinking Water Act)
&
Maintain, restore, and improve the quality of the state's waters
(Federal Clean Water Act)

Water Quality
Control
Commission
(Rules and
Regulations)

Safe Drinking Water Program

Compliance Oversight (Surveillance monitoring, facility inspections and drinking water facility engineering design reviews)

Training and Technical assistance (assure safe and continuous delivery of drinking water)

**2,020 Public Water
Systems**

Water Pollution Control Program

Permits for discharges to waters of the state

Compliance Oversight and Assistance (Wastewater, storm water, and reuse facility inspections, wastewater and reuse treatment facility engineering design reviews)

Oversee beneficial application of biosolids from municipal wastewater treatment facilities

9,904 Permitted Facilities

Watershed Program

Collect, assess, and report water quality of rivers and streams (105,344 miles), lakes and reservoirs (249,787 acres).

Provide technical support to the Commission for adoption of surface/ground water standards

Support water quality management planning.

Financial support for nonpoint source control projects and source water protection planning.

Administration Program

Financial and technical support for drinking water, waste water and nonpoint source infrastructure:

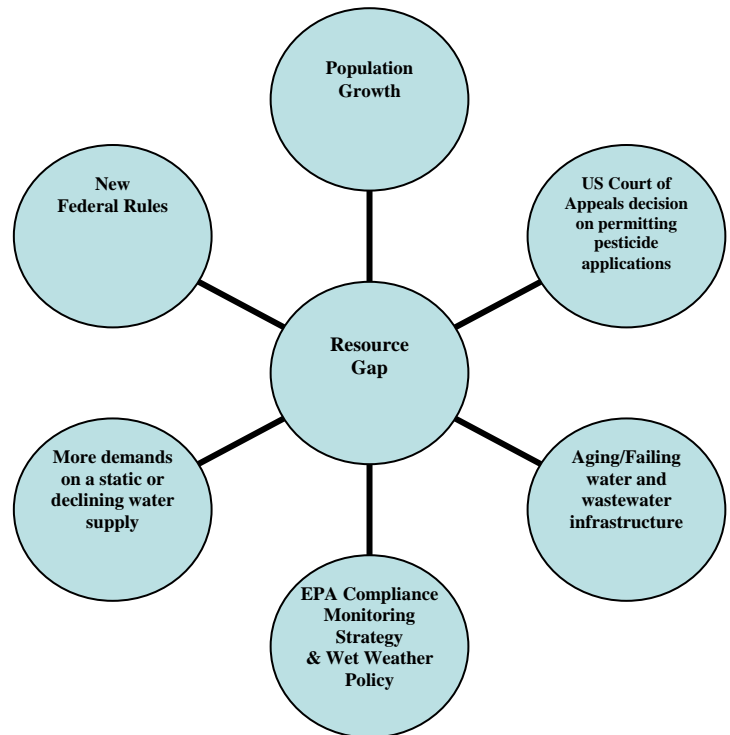
- 150 total projects totaling \$344 million.
- 13 approved projects in FY 2009-10 totaling \$98.0 million

Fiscal management, Administrative and business services, Information technology and data support.

The Division implements and enforces water quality management policies and rules established by the Water Quality Control Commission (Commission) consistent with the authorities established in the Colorado Water Quality Control Act, C.R.S. § 25-8-101 et. seq. The Governor-appointed Commission develops the rules for water quality management in Colorado. It holds hearings in each of the state's major river basins to set water quality use classifications and standards, and develops regulations to ensure protection of those uses and standards. The Commission is also responsible for adopting safe drinking water regulations.

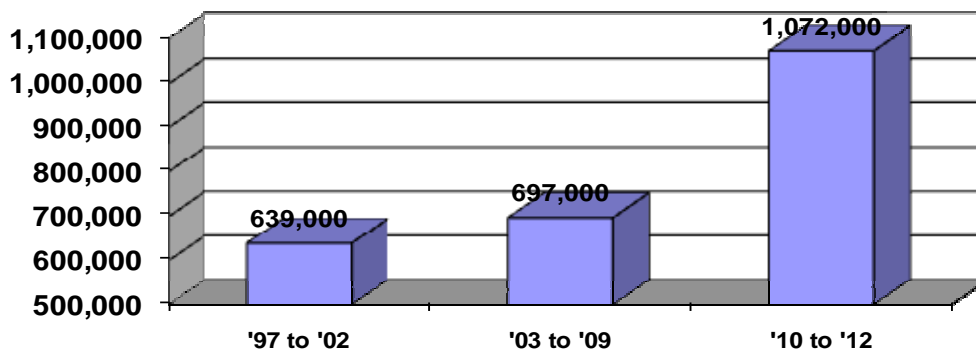
Division Resource Gap

The Division has been short of resources for many years. In 2004, the Division's Senate Bill 276 Report identified a critical need for 32.7 FTE over a three-year period. These conclusions were supported by the Division's stakeholder community. The report also identified a much greater need based on national models for full implementation of the Safe Drinking Water and Clean Water Act programs. The Division was able to secure 22.2 of the needed FTE in the 2006 and 2007 legislative sessions, but funding for the remaining positions has not been provided to date. Since that time, the Division's work load has increased substantially. For example:

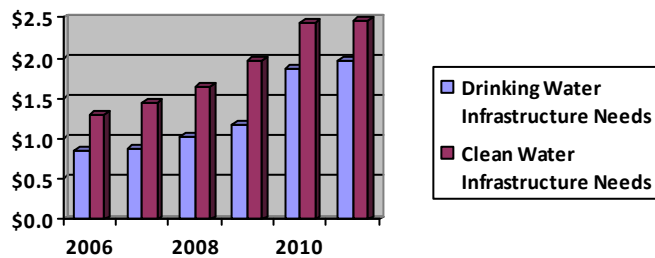


1. Colorado's population growth (from 4.3 million people in 2000 to an estimated 5.1 million people in 2010) has fueled requests for review of new construction plans and for permitting of new discharges as well as expansions to the capacity of existing wastewater treatment facilities and associated amendments of permits. The Division has seen a 97% increase in the number of storm water permits since FY 2004.
2. Major rules were promulgated by EPA that impact all of the approximately 2,020 public water systems in Colorado, and greatly increases the burden on the Division to manage, review and interpret monitoring data reported by the water systems, to inspect the water systems, and to assure that systems with problems get those problems addressed.

Number of Sample Results to Enter, Process, and Evaluate Per Year



3. EPA finalized the Compliance Monitoring Strategy in 2008 requiring states to implement the Wet Weather Significant Non-Compliance (SNC) Policy by October 2010. Wet weather events are discharges, caused by rain or snow melt, which can contain bacteria pathogens and other pollutants that can cause illnesses in humans and harm the state's water resources. The Compliance Monitoring Policy requires a significant increase in the number of inspections and audits at permitted stormwater sites. This policy will require significant additional resources to implement. New/increased activities that will be required include:
 - a. inspector-based significant non-compliance determinations for spills and violations identified at wastewater treatment plants and facilities with stormwater permits;
 - b. additional compliance assistance and enforcement to address wet weather (spill/stormwater) inspection-identified non-compliance as well as other violations discovered during inspections; and
 - c. conducting audits of the 121 municipal permitted separate storm water sewer systems.
4. In a February 2009 consolidated decision, the United States Court of Appeals for the 6th Circuit overturned an EPA rule that exempted the application of pesticides in or near waters from the requirement to obtain a discharge permit. Pursuant to a request by EPA, this ruling has been stayed by the Court until April 9, 2011. At that time, applications of pesticides in Colorado must be done in accordance with a permit issued by the Division. This includes pesticide applications for purposes such as control of mosquitoes and aquatic weeds. This requirement is estimated to result in an increase of approximately 2,000 permits the Division is required to issue under state and federal law to an industry that has previously been unregulated under the state and federal Water Quality Acts.
5. The estimated drinking water and wastewater infrastructure needs for Colorado exceeds \$4.4 billion and is growing. This is due to the aging/failing infrastructure of existing drinking water and wastewater treatment facilities, failing distribution and collection lines, new, more stringent drinking water and water quality protection standards, and statewide population increases. There are currently over 150 active water and wastewater projects that have received funding through the State Revolving Loan Fund and these numbers are expected to increase.



Figures in billions

6. As more and more demands are placed on a static or declining water supply and as that water supply faces increased adverse water quality impacts, the implementation of water quality standards becomes more difficult. This requires preparation of more complex and labor intensive discharge permits. Due to the recognition that many small or low income communities find it extremely difficult to pay for the cost of advanced wastewater treatment, the Commission adopted a discharger specific variance rule. A variance for a discharge, if approved, exempts a community from a specific water quality standard due to extreme financial hardship. The Division is preparing guidance on how the variance process will work including the process for approval by both the Commission and EPA. The Division will have much of the burden of assuring that variance requests meet the requirements necessary for these approvals.

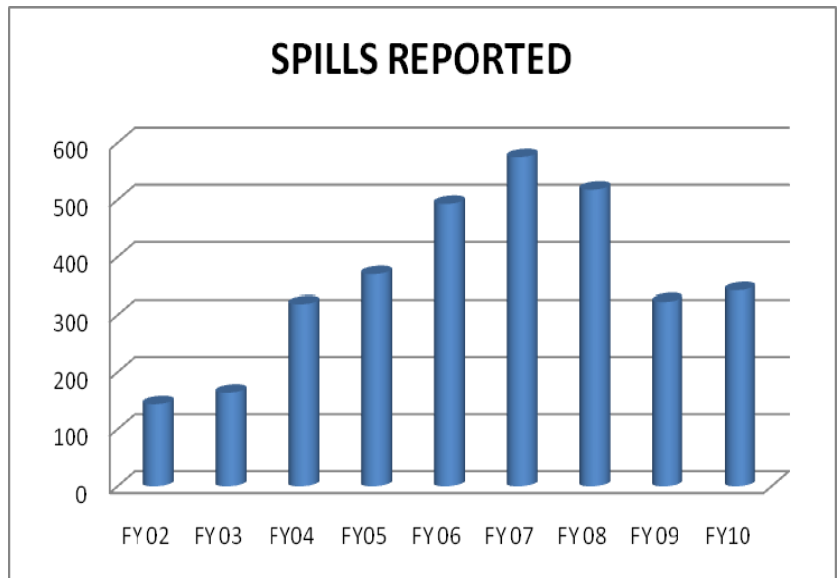
7. The Clean Water programs rely on information-based decisions to implement their various regulatory and non-regulatory components. These decisions are founded on the collection, analysis, interpretation, and reporting of the physical, chemical, and biological conditions of the water bodies across the state. There are currently over 840 individual water bodies defined by the Commission that require periodic monitoring. Current staffing levels and a fixed laboratory analytical budget limit the amount of information collected to determine the status of these water bodies. Population growth and water use has increased the need for more water quality and quantity related information. At current resource levels, the Division does not have adequate information to effectively respond to current and future challenges of protecting and restoring the integrity of Colorado's water bodies.

Strategically deploying resources to address highest priority activities

The Division has responded to the increasing workload by focusing its efforts on those activities that have the most significant public health or environmental impact, and those functions that are directly related to statutory obligations or performance measures linked to receipt of federal funds from EPA. This includes:

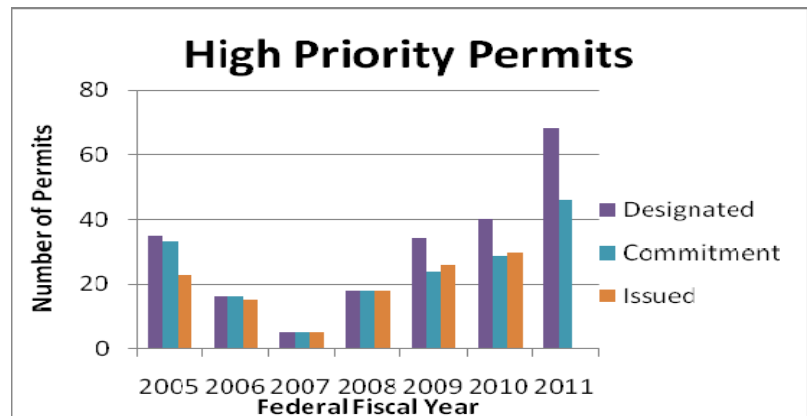
1. Responding promptly to drinking water acute situations or spills to waterways. This is one of the most important functions performed by the Division but is one that cannot be planned for given the unpredictability of these situations. Furthermore, there is not a dedicated source of funds for responding to emergencies, thus requiring the Division's resources be diverted from on-going work to address the emergency. The Division responds to 40 to 60 drinking water acute situations each year, where a public water system's delivery of safe drinking water to its citizens has possibly been compromised.

The number of spills to streams, lakes and reservoirs that are reported to the Division each year more than tripled between 2002 and 2007. These spills include releases of raw sewage, petroleum products, metals, or organic chemicals, and can result in fish kills, potential impacts to downstream water users including drinking water systems, or risks of exposure to recreational users. In response to the growing number of reports and the limited resources available to respond to all spills the Division developed and implemented a Spill Reporting



Guidance document. This guidance went into effect in early 2008 and reduced the number of spills that were required to be reported, based upon where the spill occurred, if it reached state waters and how it was managed and cleaned-up. The fact that the spill numbers went down in SFY09 and SFY10 is indicative of the effectiveness of the Spill Reporting Guidance, not to an actual decrease in the number of spills.

2. Issuance of EPA designated high priority permits. EPA considers any expired permit for which a renewal application has been received by the Division that has not been acted upon for two years or more, to be a priority permit or a permit for which a Total Maximum Daily Load (TMDL) waste load allocation needs to be implemented. There are also several additional environmental reasons (e.g., drinking water intake, sensitive species, critical habitat.) a permit can be



“designated” a high priority. As part of the Performance Partnership Agreement between the Department and EPA, EPA now requires that states “commit” to issuing a specific number of designated high priority permits. Given that the Division still receives over 50% of its funds from EPA, it strives to issue the agreed upon number of high priority permits in the Performance Partnership Agreement. The Division has focused its resources on these efforts and has met its commitments. However, in recent years the Division has not been successful in issuing all designated high priority permits. In 2011 the number of designated permits will dramatically increase.

3. Restoration of Impaired Water Bodies. Colorado has completed 148 TMDL reduction calculations that have been approved by EPA. TMDL implementation as measured by restoration of impaired water quality is identified as an EPA national priority in its Performance Partnership Agreement with states. One hundred thirty-three (133) or 89% of the complete

TMDLs are related to legacy mining pollutants (zinc, copper, cadmium, lead, pH, iron, aluminum, and manganese). Very few of these legacy mining-related load reductions identified in the TMDLs have been implemented, and those that have been implemented were primarily through voluntary projects funded by federal Clean Water Act Section 319 grant funds. These impaired waters are located at the headwaters of many of Colorado's most valued streams. These streams would support fishing and other recreational activities if the harmful impacts of historic mining activity were addressed.

4. Comprehensive Characterization of Colorado's Waters. It is extremely important to have a complete understanding of the state's waters. Water quality policy and management decisions are based on the collection and assessment of water quality data for rivers, streams, lakes, reservoirs, and ground water. For the most recent reporting cycle, over 94,455 stream/river miles and over 255,567 lake/reservoir acres were assessed for attainment of water quality standards. For Colorado rivers/streams, 63% have been assessed, with 37% not assessed. For lakes/reservoirs, 61% have been assessed, with 39% not assessed. The Division integrates this data into other internal monitoring activities including discharge permit development and compliance assurance, support for issuing fish consumption advisories, and evaluating point and nonpoint source controls infrastructure effectiveness to better target future investment.

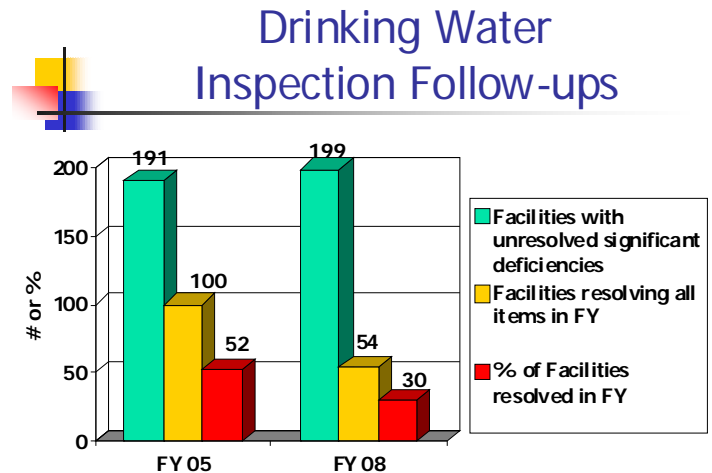
What is not getting done?

The workload increase without a commensurate increase in Division staffing resources is resulting in the following negative impacts:

1. Inspection Gap. The Division is unable to inspect more than 900 process water discharges including temporary activities such as construction dewatering and hydrostatic pipeline testing as well as permanent facilities such as sand and gravel mines and cooling towers. Periodic inspections of a percentage of these activities/facilities are necessary to assure compliance and to identify and address violations. In addition, the Division inspects less than 3% of the over 5,500 activities covered under stormwater permits.
2. Stormwater Compliance Assistance/Assurance Gap. The Division is unable to provide meaningful compliance assistance to its 5,500 permitted stormwater dischargers and 2,000 process water permittees. This results in a significant percentage of inspection-identified violations not being resolved. Additional resources would allow staff to provide assistance rather than the current practice of moving directly to enforcement or leaving the violation unresolved. Enforcement is a costly and time consuming process and is not the most effective way to gain compliance. At the present time, the Division is only able to sustain a compliance oversight rate of less than 3% of all stormwater permits.
3. Groundwater Discharge Permits. The Colorado Discharge Permit System Regulations require that discharges from domestic sewage systems to groundwater obtain a permit. This is a state-only permit program. Due to lack of federal regulation and subsequent support, the Division has not been able to dedicate resources to this activity; rather the Division must address federally-required activities with established performance measures. The Division estimates that there are approximately 200 facilities that should be permitted, however many of these facilities do not have current permits and a significant number of these facilities are likely having a detrimental impact on ground water. The process to permit these facilities is resource intensive because most

facilities (believed to be over 80%) that do not have appropriate permit coverage need to upgrade their level of treatment. In order for these permit updates to occur, a large amount of assistance would need to be provided from division staff.

4. Lack of ability to follow up on identified drinking water violations. While the Safe Drinking Water Program is able to issue enforcement orders to systems with violations, it often does not have the resources to follow-up on those orders in a timely fashion. Failure to ensure that the offending public drinking water system is taking adequate steps to quickly gain compliance can mean citizens are drinking contaminated water. Additionally, as we have learned from the Alamosa salmonella outbreak, while the Safe Drinking Water Program has been completing inspections at required frequencies, the inspections may not have been comprehensive enough to detect significant deficiencies in storage and distribution system infrastructure.



Furthermore, once inspection findings are issued to public water systems, the Safe Drinking Water Program struggles to find the resources to follow-up on violations and infrastructure deficiencies discovered during inspections. The Alamosa Investigation Report, released in November 2009, reported that approximately 120 community water systems in Colorado may have unresolved significant deficiencies. Some of these systems may have resolved these deficiencies, but the Safe Drinking Water Program is unable to adequately track these efforts due to lack of resources as well as inadequate Information Technology support for data management systems.

*141,773 people served by public water systems do not receive safe drinking water.
 13,800 citizens in Sterling are exposed to Uranium and Disinfection byproducts.
 31,000 populace served by systems with radionuclides above standards.*

5. Lack of oversight of non-community groundwater systems. Non-community groundwater systems meet the definition of a public water system, but do not serve year-round residents; examples include rural school districts and campgrounds. There are about 1,100 such systems in Colorado, but the Safe Drinking Water Program has historically focused its limited staff resources on community water systems, and provided only a bare minimum level of oversight to non-community systems. A non-community system experienced a waterborne-disease outbreak of norovirus in 2007 illustrating the need for and importance of more active oversight of these systems.
6. Issuance of EPA designated high priority permits. As indicated in the previous section the Division has not been able to “issue” all of the “designated” high priority permits. And the total number of “designated” high priority permits is dramatically increasing in 2011 and those

numbers are expected to continue for the foreseeable future. The water quality below these discharges will not be suitable for uses such as aquatic life, recreation and drinking water supply.

7. Data systems and data management. The Division is not able to collect, monitor, analyze, store and effectively retrieve data on 11,000 Clean Water permitted entities, 2000 public water systems and all water bodies of the state. To fulfill the Division's mission and protect public health and the environment the Division depends on accurate and timely data. There is a critical and escalating need for resources to support data management and upgrading of legacy database systems but again, the Division does not have the resources to conduct these activities.
8. Non-regulatory Protection and Restoration Activities. The Division is not able to provide adequate information, planning, financial, and scientific support services to the Commission, government agencies, and its performance partners so they can protect, improve, and restore water quality. Examples of non-regulatory responsibilities include characterization of lakes/reservoirs for elevated mercury in fish tissue, wetlands, and aquatic life conditions, certifications of water quality impacts from state and federal water projects, TMDL development, and nonpoint source impairment project identification and management. The increasing demand for support services to address these important water quality management activities cannot currently be met due to resource constraints.

Consequences of Not Receiving Additional Resources

If Division staffing continues to remain static as the demands placed on the Division continue to increase, adverse consequences include:

- For Drinking Water
 - Increased risk of disease outbreaks due to problems with drinking water filtration, lack of cross connection control, or inadequate disinfection at either the treatment plant or within the distribution system;
 - Increased chronic health risks from drinking water due to exposure to contaminants such as elevated radionuclides or disinfection byproducts; and
 - Increase risk of failure to recover critical public health information in the event of a disaster.
- For Clean Water
 - Delayed response to spills to water;
 - Increased risk to water quality due to inadequate permit coverage, inadequate facility inspections, and inadequate follow-up on violations;
 - Inadequate protection of classified water quality uses;
 - Increased costs to mitigate water quality impairments;
 - Delay or failure to issue permits, leading to EPA issuance of permits or citizen lawsuits;
 - Increase risk of data system failure;
 - Inability to fully implement disaster recovery for critical water quality data; and
 - Inadequate water quality information for policy and management decisions.

Immediate Resource Needs 2011-2012

Based on the most recent needs assessment conducted by the Division, the highest priority needs have been identified below. Without additional resources the threat to public health and water quality in the state will continue to rise. It is estimated that an additional 31.8 FTE are needed in 2011-2012.

Drinking Water Program (3.5 FTE)

FTE

- 1.0 Inspections/Design Reviews: Increase inspection frequencies in accordance with new rules and ensure deficiencies are corrected. Complete design reviews for drinking water infrastructure projects.
- 2.0 Compliance: Provide compliance oversight and training to public drinking water systems to increase compliance and reduce violations.
- 0.5 Operator Certification: Ensure that public drinking water systems have an appropriately certified operator.

Clean Water Programs (28.3 FTE)

FTE

- 4.5 Facility inspections (not including stormwater and pesticides): Inspect sectors (e.g., sand and gravel mines) that are currently not addressed and improve the timeliness of engineering reviews for construction of municipal wastewater treatment infrastructure.
- 1.0 Discharger Specific Variances: Develop and execute applicable implementation guidance, provide staff support for Commission consideration, and coordination with EPA for final approval.
- 4.0 Permitting (excluding stormwater and pesticides): The backlog of permits (including high priority permits) stood at 20% in October 2009 and is predicted to increase to 34% by October 2012 due to the increasing number and complexity of National Pollution Discharge Elimination Systems (NPDES) permits. If permits are not issued, industrial users may not be complying with the most current water quality standards and this may be harming public health and/or water quality.
- 4.0 Monitoring/Data Assessment: Water quality data is necessary to set standards that are protective of the classified uses (including drinking water supplies, recreational and agricultural uses), assess the status of surface and ground water quality, determine attainment of the applicable standards, and evaluate pollutant source control activities. Data is also used when making decisions on issuing fish consumption advisories, reviewing Section 401 water quality certifications, and evaluating point and nonpoint source controls infrastructure effectiveness.
- 3.0 Pesticides: Prepare and issue permits, conduct inspections, provide compliance assistance and take enforcement action when appropriate for this new federally required program.
- 5.8 Compliance Assurance (excluding stormwater and pesticides): Respond to violations. Failure of a timely response to violations of compliance schedule deadlines or permit effluent limits prevents streams from meeting water quality standards and protecting classified uses.
- 4.0 Storm water: Currently, the Division inspects less than 3 % of sites covered under industrial stormwater permits. More than 30% of the construction sites inspected warrant enforcement but the Division does not have resources to follow-through on all such cases. The Division needs to increase the number of stormwater inspections and to provide compliance assistance.
- 2.0 TMDL Development and Nonpoint Source Project Management: TMDL development continues to be a high national priority for EPA. The remaining TMDLs to be developed are more complex because of the nature of the pollutants (i.e. – mercury, pathogens, selenium). The

majority of water quality impairments are caused by nonpoint source pollution. Colorado has 144 EPA approved TMDL analyses, with 133 related to legacy mining impacts. Additional staff is needed to work with local interests on site characterization, engineering designs, and cleanup activities where possible.

Other Factors to be Considered

A fee increase of approximately 117% (an estimated \$480,000 annually) would be required to support the additional 3.5 FTE, Information Technology Systems and data management support needed within the Drinking Water Program. There are currently 2,020 public water systems regulated by the Division. The fees range from \$75/year to \$21,360/year depending on the size of the population served. The majority of public water systems pay less than \$100/year. This means that the annual increase to the majority of public water systems would be approximately \$217.

Clean Water fees would also need to be increased. An increase of approximately 57% would be necessary for the existing 35 permit categories within the Clean Water Program. The fee would provide for an additional 25.3 FTE, Information Technology Systems and data management support. The total estimated cost of this fee increase is approximately \$1,777,882. The fee increase would be spread across the current 9,904 active permits. Although the fees range from \$75/year to \$25,100/year, the majority of storm water permits are under \$245/year. With this proposed increase the fee would rise to approximately \$385 per year. The majority of processed water permits cost less than \$700/year. With the needed fee increase, the cost would rise to approximately \$1,099 per year.

A new fee would also need to be implemented for pesticide permits. The new pesticide fee would provide funding for 3.0 FTE and associated operating

Due to the economic downturn the Divisions efforts over the last three years to obtain the stakeholder communities support for an increase in fees have been unsuccessful.

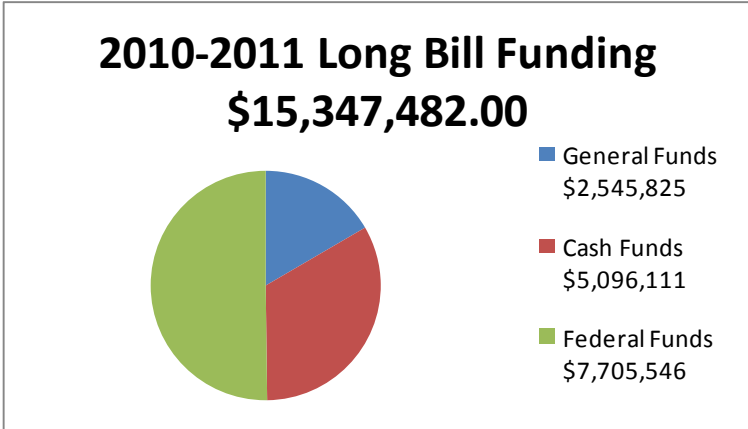
General Fund

The Division receives approximately \$2.5 million in General Fund (approximately \$1.6 million for the Clean Water Program and \$0.9 million for the Safe Drinking Water Program). The General Fund appropriation assists with providing the required state match for various federal programs such as the EPA State Performance Partnership Grant.

Replacing General Funds with Cash Fees

Drinking Water Fees would increase by 267%
(Average drinking water annual fee \$367/year)

Clean Water Fees would increase by 48%
(Majority of storm water permits would increase to \$363/year and average process water fee would increase to \$1063/year)



Future Resource Needs

In addition to the immediate FTE needs outlined above, the Division has identified the need for an additional 34.5 FTE over the next 3 years. The

following chart summarizes the needs by Program for years two and three. Attachment 1 to this document provides a brief narrative description of the FTE needs by program for years two and three.

PROGRAMS	FTE/COSTS	YEAR 2	YEAR 3
Administration	Estimated FTE	1.5	4.0
	Estimated Cost	\$57,010	\$155,628
Clean Water Programs	Estimated FTE	9.0	5.0
	Estimated Cost	\$598,997	\$331,720
Drinking Water Program	Estimated FTE	6.0	9.0
	Estimated Cost	\$362,649	\$608,412

Summary

Protection of Colorado’s waters is critical to the continued development of the State, and to the quality of life the state offers to its citizens. The Division plays a critical role in the protection of the State’s streams, lakes and reservoirs and in assuring that the citizens of Colorado have safe water to drink. For the Division to continue to be successful in fulfilling that role, additional staffing resources will be required in the face of increasing demands and pressures.

Future Resources Needs Attachment 1

Administration								
Unit or Section	Year 2				Year 3			
	Class	Brief Narrative	FTE	Amount	Class	Brief Narrative	FTE	Amount
Fiscal Support and Business Services					AA III	Division wide administrative support	1.0	\$38,797
					Accounting Tech III	Fiscal Billing Coordinator, purchase agent and Kronos support	1.0	\$40,872
Business Data Resources Unit	AA I	Implementation and maintenance of the automation of Division's Record Center Support	1.0	\$28,351	Data Specialist	Enter analytical data and provide customer support for electronic data submittal	2.0	\$75,959
	PSRS I	Geographical Information Systems and analysis of spatial and statistical environmental data	0.5	\$28,659				
Division Wide		Operating costs associated with IT hardware support including servers, disaster recovery, automation of Records Center, system upgrades, establish/maintain web presences, increase bandwidth, and automate submission of electronic documents		\$100,000				\$100,000
Total			1.5	\$57,010			4.0	\$155,628
Clean Water Program – Water Pollution Control								
Unit or Section	Year 2				Year 3			
	Class	Brief Narrative	FTE	Amount	Class	Brief Narrative	FTE	Amount
Permits	EPS II	Master General Permit Writer	1.0	\$66,344	EPS II	Stormwater Permit Writer	1.0	\$66,344
Compliance Assurance	EPS II	Biosolids/Reuse Compliance-Enforcement	1.0	\$66,344	EPS II	Pesticide Permit Compliance	1.0	\$66,344
	EPS II	Pesticide Compliance/Enforcement	1.0	\$66,344				
	GP III	Legal Assistant	0.5	\$26,081				
	EPS IV	Shared CW/DW Unit Mgr.	0.5	\$43,270				
Engineering	PE I	Pesticide Field Inspector	1.0	\$73,107				
	EPS II	Sampling Coordinator	0.5	\$33,172				
	E/PST II	Sampler	0.5	\$25,304				
Total			6.0	\$399,965			2.0	\$132,688
Clean Water Program – Watershed								
Unit or Section	Year 2				Year 3			
	Class	Brief Narrative	FTE	Amount	Class	Brief Narrative	FTE	Amount
Environmental Data Unit	PSRS II	Rivers/streams and lakes/reservoir sampling and trend assessment	1.0	\$66,344	PSRS II	Aquatic life and wetlands sampling and data assessment	0.5	\$33,172
					PSRS II	Implement aquatic biological and nutrient criteria in Regulation No. 93	0.5	\$33,172
Standards Unit	PSRS II	Site-specific standards - Copper, Ammonia, Temperature	1.0	\$66,344	PSRS II	Wetlands criteria/standards; aquatic life use attainability analyses	1.0	\$66,344
Restoration and Protection Unit	PSRS II	TMDL Development – Aquatic life focus	1.0	\$66,344	PSRS II	TMDL Development – Lakes/nutrients focus	1.0	\$66,344
Total			3.0	\$199,032			3.0	\$199,032
Drinking Water Program								
Unit or Section	Year 2				Year 3			
	Class	Brief Narrative	FTE	Amount	Class	Brief Narrative	FTE	Amount
Capacity Building	EPS II	Capacity coach - Provide assistance to water systems	2.0	\$132,688	EPS II	Capacity coach - Provide assistance to water systems	2.0	\$132,688

Compliance	EPS III	Compliance with new rules including surface water treatment, disinfection byproducts, lead and copper, and groundwater rule	1.0	\$66,344	E/PS Tech II	Compliance with new rules including surface water treatment, disinfection byproducts, lead and copper, and groundwater rule	1.0	\$50,608
	AA III	Administrative Assistance	1.0	\$38,797	EPS II	Assist systems under enforcement	1.0	\$66,344
Engineering	EPS II	Sampling Coordinator	0.5	\$33,172	PE I	Inspections/design reviews	4.0	\$292,428
	E/PS Tech II	Sampling	0.5	\$25,304	EPS II	Swim Pools	1.0	\$66,344
	EPS II	Swim Pools	1.0	\$66,344				
Total			6.0	\$362,649			9.0	\$608,412