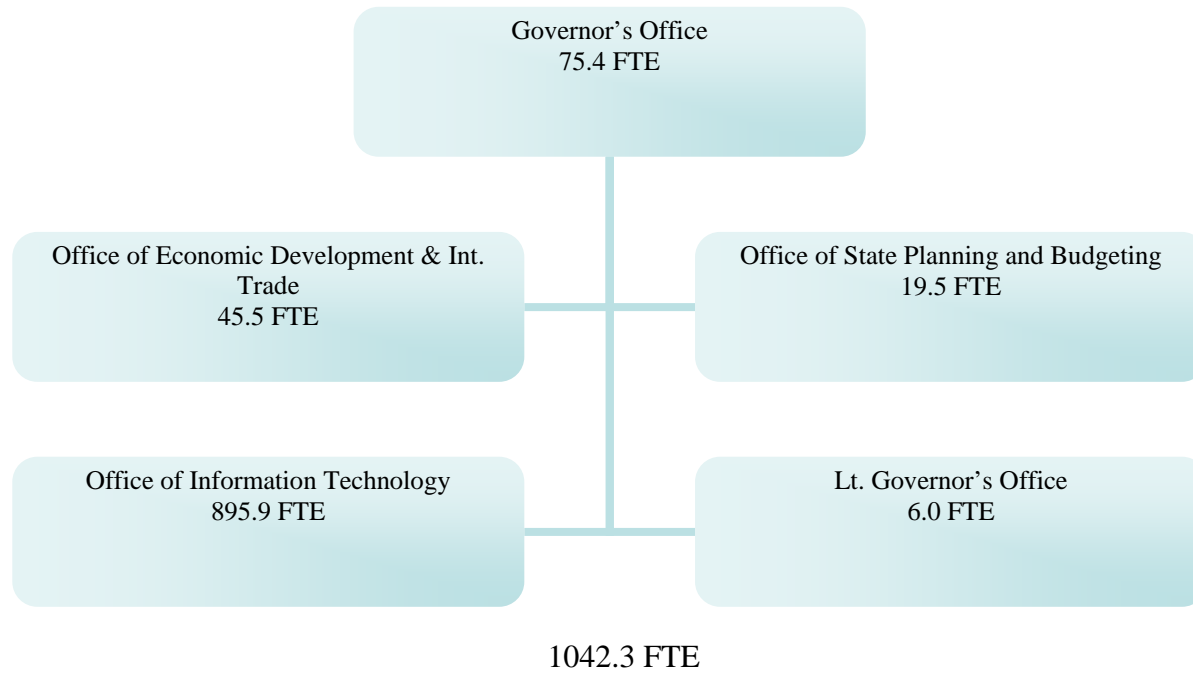




Governor's Office
Department Description

FY 2011-12 Budget Request

November 1, 2010



FY2010-11 Totals \$201,344,214-TF \$11,291,137-GF \$26,031,709-CF \$130,811,782-Re-appropriated \$33,209,586-FF

GOVERNOR'S OFFICE - BACKGROUND INFORMATION

The Governor's Office is the administrative head of the executive branch of Colorado State Government. As Chief Executive, the Governor works to deliver services to the citizens of Colorado and to ensure effective agency operations in the Executive Branch. The Office acts as liaison with local governments, with the legislative and judicial branches of state government, and with the Federal government and otherwise executes the Executive power of the State. The Governor's Office consists of offices funded under the Governor's Office proper: the Legal Office, the Office of Policy Initiatives, the Office of Boards and Commissions, the Citizens' Advocate Office and Press/Correspondence; as well as offices funded separately by the legislature in the Long bill: the Lieutenant Governor's Office, the Office of State Planning and Budgeting (OSPB), the Governor's Office of Information Technology (OIT), the Office of Economic Development and International Trade (OEDIT), the Governor's Energy Office (GEO) and the Governor's Office of Homeland Security (HLS). In the 2008 legislative session, the JBC created separate appropriations for Homeland Security and the Governor's Energy Office. Prior to that session these functions were included in the Governor's Office under "Other Programs and Grants." Article IV, Section 2, of the Colorado Constitution states, "*The supreme executive power of the state shall be vested in the governor who shall take care that laws be faithfully executed.*" The Governor is responsible for the enforcement of state law. The Governor's Office consists of seven statutorily created offices; the Governor's Office, the Lt. Governor's Office, the Office of State Planning and Budgeting (OSPB), the Governor's Office of Information Technology (OIT), the Office of Economic Development and International Trade (OEDIT), the Governor's Energy Office (GEO) and the Office of Homeland Security (HLS). In addition to these statutorily-created offices, the Governor's Office has six administratively-created offices: the Office of Policy Initiatives, the Legislative Office, the Legal Office, Press/Correspondence, the Citizen Advocates' Office and the Office of Boards and Commissions. The administrative offices of the Governor, as well as the Lt. Governor and OSPB, are located in the Colorado State Capitol building, 200 East Colfax Ave., Denver. The 75.4 FTE's noted in the organizational chart include employees in the Governor's administratively-created offices as well as the Governor's Energy Office and the Office of Homeland Security.

The Governor's Office of Policy and Initiatives works on behalf of the Governor to develop his policy agenda through the legislature, state agencies, citizen groups, and others. The Policy Office both advises the governor on policy issues and provides policy research when and where needed. Specific policy areas include, among other topics, transportation, health care, education, child and family issues, and economic development. The **Office of Legislative Relations** assists the Governor in developing his legislative agenda, tracking bills during the legislative session and providing a liaison between the Governor's Office and the state legislature. The **Legal Office** provides legal counsel to the Governor including addressing the legality of legislation, the requirements of boards or commission members, vetting of judicial appointments and representing the Governor. The **Citizen Advocate Office** responds to citizens inquiries about concerns. Cases are forwarded to the appropriate state department to determine whether and how the issue can be addressed by the agency. The

Press/Correspondence Office handles communications and media relations for the Governor. Duties in this office include preparing press releases, assisting with the Governor's speeches, managing governor's office web pages and e-newsletters, and responding to media requests for information and interviews. The **Office of Boards and Commissions** is responsible for advertising, screening and making recommendations to the Governor on the filling of over 2000 gubernatorial appointments. Boards and commissions appointments include everything from the State Board of Accountancy to the Wine Industry Development Board of Colorado. In addition to these offices the Governor's Office handles administrative, accounting and human resources functions.

The **Office of Homeland Security** was established by Executive Order D003 08 issued on February 8, 2008. The Governor's executive order noted, "Since 2001, Colorado has received over \$150 million in federal funds to augment state and local initiatives to prevent, detect, and respond to terrorism and natural disasters. To date, the State has: made significant improvements in its public safety interoperable communications capabilities; hardened potential targets; enhanced first responder training and exercise programs; and significantly improved the ability to aggregate and analyze sensitive information. While the State has continually improved its capability to detect, prevent, protect against, respond to, and recover from terrorist attacks and natural disasters, efforts have been hindered by: the lack of focus at the State level; duplicate and often fragmented organizational initiatives; inadequate staffing; and limited resources. There is no single agency that provides oversight and coordination for the entire mission." With that explanation, the Governor created a separate Office of Homeland Security within the Governor's Office. In FY12 the Office of Homeland Security (HLS) will remain funded exclusively through federal grants. A total of 14 FTE are in the HLS when fully staffed.

The **Office of the Lieutenant Governor** is defined in the Colorado Constitution. The Lieutenant Governor acts in the capacity of the Governor when the Governor is out of the state or is otherwise unable to perform his constitutional responsibilities. In 1976, the Colorado General Assembly created (See C.R.S. §§ 24-44-101 to 24-44-108) the Colorado Commission of Indian Affairs (CCIA) within the Office of the Lieutenant Governor. The Lieutenant Governor serves in the statutory role as chair of the Colorado Commission of Indian Affairs. The Commission was designed to be the official liaison between the two Ute Tribes and the State of Colorado. Since its inception, the Commission has worked with the two Ute Indian Tribes in Colorado and the off-reservation American Indian people who live in Colorado.

The **Office of State Planning and Budgeting** (OSPB) provides the Governor with timely and complete information and recommendations so he can make sound public policy and budget decisions. This role is carried out through eight core functions:

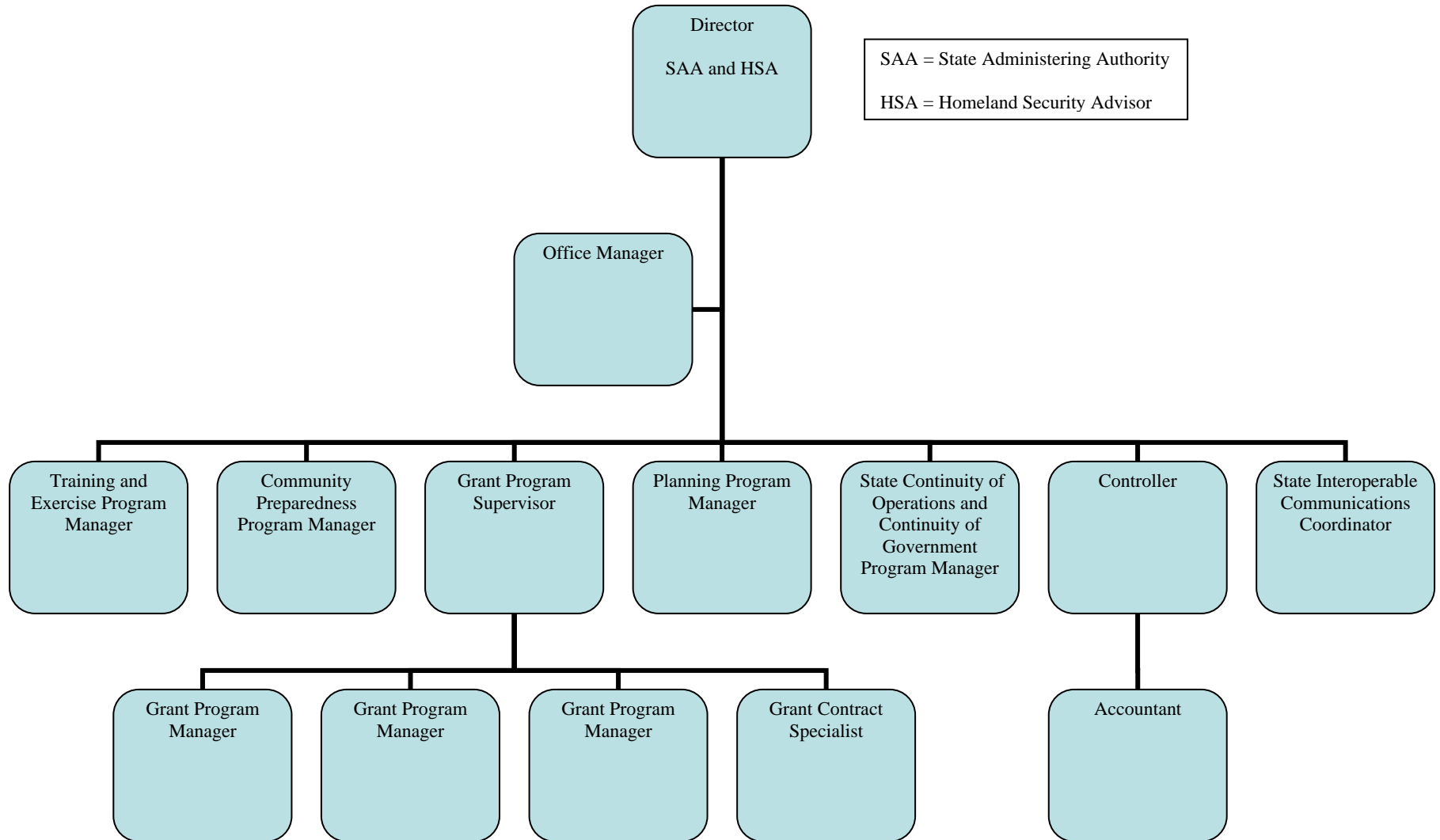
- Developing reliable revenue estimates;
- Developing a defensible budget within revenue constraints;
- Developing proposals for new legislation;
- Tracking legislation and monitoring the legislative budget process
- Advocating for the Governor’s priorities and addressing issues of concern
- Monitoring budget implementation, anticipating issues, and developing solutions;
- Providing accurate and concise public information;
- Operating efficiently as an office.

Office of State Planning and Budgeting

Workload Indicator	FY 2008-09 Actual	FY 2009-10 Actual	FY2009-10 Actual	FY2010-11 estimated
Number of departments posting their budget on their website.	17	3 ¹	17	17
Number of department budgets posted on the OSPB website.	17	17	17	17
Number of issue briefs written and posted on the OSPB website	21	20	xxx	xxx

¹ Most agencies/departments decided to forego posting their budget on their website because the information is now included on the OSPB website.

GOVERNOR'S OFFICE OF HOMELAND SECURITY



SAA = State Administering Authority
HSA = Homeland Security Advisor

14 FTE, \$1,195,000 FF - 100% Federal Grant Funded

GOHS - BACKGROUND INFORMATION

The Governor's Office of Homeland Security (GOHS) was created by Executive Order in February of 2008 and became operational 1 July 2008. Prior to GOHS being created, homeland security grant administration was accomplished by the Colorado Division of Emergency Management, Department of Local Affairs, and the Department of Public Safety was responsible for Homeland Security Advisor duties. GOHS was created to combine the responsibilities for homeland security management into one office. GOHS serves as the coordinating office for the Homeland Security missions contained in a majority of the state's agencies and departments as well as coordinating the homeland security efforts of the nine All Hazards Emergency Management Regions (AHEMR) and Denver Urban Area Security Initiative (UASI). The purpose of the office is to ensure all state departments, agencies, AHEMRs, and Denver UASI have the necessary tools to perform the mission elements of prevention and disruption of terrorist attacks; protection of critical infrastructure, key resources and Colorado communities against all hazards; response to all incidents; and recovery from all incidents. These tools are Planning, Organizations and Personnel, Equipment, Training, and Exercises (POETEs). Risk management must be used to determine which tools will be resourced with available manpower or funding programs. The primary functions of the Governor's Office of Homeland Security are to develop, implement, and evaluate the State Homeland Security Strategy and to administer the Federal Homeland Security Grant Programs' funds allocated to Colorado in an environment of uncertainty of threats and limited resources using risk management principles. The office is the State Administering Agency (SAA) for the Homeland Security Grant Programs in Colorado. As the SAA, the office sets priorities and allocates funds within the state for all federal homeland security grant programs.

Director's Office The Director of the Governor's Office of Homeland Security, Major General (retired) Mason C. Whitney, is a cabinet level official reporting to the Governor and is responsible for the essential duties of the entire office as well as the coordination with the nine AHEMRs and Denver UASI. He also performs duties as the Governor's Homeland Security Advisor (HSA) and the lead authority for the State Administering Agency (SAA). In the HSA capacity, the Director provides advice and counsel to the Governor on all matters relating to the homeland security mission within Colorado and coordinates state efforts in executing the State Homeland Security Strategy. As the lead authority for the SAA, the Director is responsible for the administration of all federal homeland security grant programs awarded to Colorado. The Director serves as the Chair of the Governor's Homeland Security All Hazards Senior Advisory Committee (SAC). The GOHS office is managed by the Office Manager. This position has broad responsibility for ensuring that there are structures and processes for operational functions within the department, including knowledge of Human Resources, Performance Management and Procurement, Travel and Logistics, internal and external support resources (such as Information Technology and Central services) are managed effectively, the

GOHS office maintains effective working relationships with related local, state and federal agencies, the GOHS office procedures comply with all State policies, and State/Federal laws, and GOHS operational efficiencies are evaluated on an annual basis.

Training and Exercise Program Manager This position oversees the Governor's Office of Homeland Security Training and Exercise Program that includes processing, approval, tracking, support and assistance with conducting Department of Homeland Security (DHS) training and exercises which range in scope from single agency to multi-jurisdictional. This position supports the development of classes and use of the Homeland Security Exercise and Evaluation Program (HSEEP) methodology state wide, to include Urban Area Security Initiative (UASI). Specific responsibilities of this position include assisting state agencies, counties and local jurisdictions in designing, developing, training and exercises for the state.

Community Preparedness Program Manager This position is responsible for community preparedness and community participation in the state homeland security mission. The position has broad responsibility for ensuring that:

- There is a structure and a process for ongoing collaboration between government and nongovernmental organizations at all levels.
- Volunteers and nongovernmental resources are incorporated in plans and exercises.
- The public is educated, trained, and aware; citizens participate in volunteer programs and provide surge capability support.
- Nongovernmental resources are managed effectively in disasters.
- Statewide progress in achieving community preparedness and participation is evaluated on an annual basis.

The position represents the Governor's Office at various meetings around the state, providing assistance and responding to inquiries on a variety of community preparedness topics.

Grants Program Office This office is responsible for the statewide implementation of the Federal Homeland Security Grant Program and all associated grants. The office has broad responsibility for ensuring that:

- All activities necessary to plan and apply for applicable grants are completed on time and accurately.
- Supervision is provided for the three Grant Managers and Grants Contract Specialist in administering GOHS grants.
- Coordination of grant requirements with the nine All Hazards Regions, Denver UASI, and state agencies is maintained.
- Management oversight for all GOHS grants is provided through monitoring visits to the nine All Hazards Regions, Metropolitan Medical Response System (MMRS) jurisdictions, Denver UASI, and state agency sub-grantees.

The office administers nine different grant programs for eight state agencies, nine AHEMRs, three MMRS jurisdictions, six non-profits, Denver Regional Transportation District and Denver UASI. The nine grant programs have periods of performance from two to three years each. As a result, the office is managing over one hundred and twenty grant awards as the SAA for the state of Colorado every year. The dollar amount of these cumulative grants averages approximately \$30 million annually in transactions throughout the state. The Grant Program Supervisor also represents the Governor's Office of Homeland Security at various meetings around the state, providing assistance and responding to inquiries on a variety of grant topics.

Planning Program Manager This position is responsible for the statewide implementation of the Colorado Homeland Security Planning Program and all associated requirements. The position has broad responsibility for ensuring that:

- All activities necessary to develop, implement, and evaluate the State Homeland Security Strategy are accomplished.
- The State Improvement Planning Conference (IPC) is effectively planned for, is effectively conducted, and reports produced are disseminated to required users.
- Coordination of the DHS Integrated Planning System and the Comprehensive Preparedness Guide 101 with Federal, State, Local, and Tribal entities is accomplished.
- The State agencies Continuity of Operations/Continuity of Government Plans are developed, maintained, exercised, and evaluated.

The position represents the Governor's Office of Homeland Security at various meetings around the state, providing assistance and responding to inquiries on a variety of planning topics.

Controller's Office This office manages the financial activities of the GOHS, including accounting for federal grants and the financial reporting requirements for those grants, development of financial, budgetary, administrative policies and procedures, and preparation of state and federal financial reports. The controller also develops and tracks the budget for the GOHS and all related expenses incurred in accordance with the federal grant guidance associated with the funds being utilized, to include internal payroll processing and purchase of office space and equipment. The office manages approximately \$30 million in federal grant transactions annually.

State Interoperable Communications Coordinator This position is a temporary position associated with the Public Safety Interoperable Communications (PSIC) Grant award of 2007 and is scheduled to be terminated at the end of the grant performance period on 30 September 2010. The coordinator initiates combined efforts with state and local government public safety responders to establish working bylaws to govern interoperability throughout the state with the oversight of the Statewide Interoperability Executive Committee (SIEC) and Senior Advisory Committee (SAC). The coordinator develops a strategic vision, goals and objectives to improve emergency response, interagency

communications, connectivity and tactical interoperable communications plans (TICP) to maximize response and coordination during hazardous events. The coordinator recommends components of grant applications consistent with Colorado Homeland Security Program; ensures coordination with appropriate agencies and organizations to achieve the state strategy goals and objectives for interoperable communications; recommends policies and procedures for the distribution of Homeland Security Funding to implement projects and initiatives; provides technical assistance to the regions and UASI for personnel, training, and exercise to optimize region collaboration and capacity building; collaborates with local and state agencies to standardize equipment for interoperability and future planning of a statewide response to terrorism; and provides day-to-day technical assistance to state and local agencies on administering Homeland Security funds programmatically to achieve project success. The coordinator negotiates terms of individual awards to meet the needs of each region or state agency to remain within guidelines (financial and programmatic) set forth in each award. He/she negotiates statewide project development requests of equipment, planning, exercise, training, and supplies to provide consistency across the state; establishes and prepares for the solicitation of supplemental funding for long-term operation and function of SIEC activities; prepares federal, state and local meetings with agendas, handouts binders etc. to facilitate interaction and build partnerships across all levels of government and private industry; coordinates activities for the SIEC with current and long-range goals and implementation dates with plans and policies; provides information and guidance to the SIEC, SAC, DEM and the Governors Office on matters relating to statewide interoperability and meets with federal, state, and local officials on matters relating to the development and completion of the statewide interoperability plan and State Strategy.

State Continuity of Operations and Continuity of Government Program Manager This is a temporary position associated with the 2007 State Homeland Security Grant Program award and was tasked with developing state department and agency Continuity of Operations and Continuity of Government (COOP/COG) Plans prior to the Denver Democratic National Convention in 2008. The position is scheduled to be terminated on 31 July 2009. Continuity of Operations (COOP) planning is an effort within individual departments and agencies to ensure the continued performance of minimum essential functions during a wide range of potential emergencies. Essentially, it is the capability of maintaining the business of government under all eventualities. This is accomplished through the development of plans, comprehensive procedures, and provisions for alternative facilities, personnel, resources, interoperable communications, and vital records/databases. Continuity of Government (COG) planning is the preservation, maintenance, or reconstitution of the institution of government. It is the ability to carry out an organization's constitutional responsibilities. This is accomplished through succession of leadership, the pre-delegation of emergency authority and active command and control.

GOHS - PRIOR YEAR LEGISLATION

No legislation was enacted that affected the Governor's Office of Homeland Security during the past state legislative session.

GOHS - HOT ISSUES

- The current Colorado State Homeland Security Strategy was approved by the Governor in March of 2008. The strategy tasks specific state departments and agencies with assigning subject matter experts to each Goal and Objective in the Strategy. GOHS has been training and facilitating these goal leaders in executing the capabilities based planning process for their assigned goal or objective for the past year. Each AHEMR has submitted names from their regions that can be used as subject matter experts for those goals and objectives when determining the membership of the Goal Working Groups. These Goal Working Groups are designed to be multi-jurisdictional and cross-function with broad representation from all sectors, both private and government. The thirty-seven Goal Working Groups are developing tools that will improve the thirty-seven target capabilities from the National Preparedness Guidelines for the five major goals in the strategy. These tools are in the form of plans, organizations, equipment, training, and exercises (POETEs) prioritized at the annual Improvement Planning Conference for placement in investment plans for targeted resources. The resources could come from federal grants, state general funds, or local jurisdiction funds. This entire process requires the concurrence and collaboration of all state departments and agencies in implementing this strategy. It also requires every AHEMR align their regional strategies with the state strategy to ensure a common language is used when developing priorities for state preparedness initiatives.
- The Governor's Office of Homeland Security is funded by federal grants. If these grants are reduced below the capability to support the office at the current levels, state general funds may be required in the future to adequately fund GOHS. At the present rate of expenditures per state fiscal year, it is forecast that the office can be sustained until the 2013-2014 state fiscal year using federal grant funds. Beyond that depends on the funding from the federal grant programs supporting the office in future years. As most homeland security grant award periods of performance are for three years, the office should be able to predict at least two years prior to any state general funds being needed.
- Community Preparedness is a force multiplier for any natural or man-made disaster. Only 1% of Colorado citizens are first responders who are organized, trained, and equipped to prevent, protect, respond, and recover from natural or man-made disasters. That leaves approximately 99% of our communities that would require help from these first responders if a disaster occurs. The outcome of these numbers would be a lengthy time required to provide help to the 99% of our communities who would be possible victims in case a major disaster strikes Colorado. In order to ensure that our first responders aren't overwhelmed with victims after a major disaster, our citizens must be prepared to sustain themselves for at least 72 hours after any incident without support from government services. This means every Colorado family

should have an emergency preparedness kit that could be used in case of a major disaster. Information is available on the internet at www.readycolorado.com or www.ready.gov that will guide every citizen in preparing a kit to ensure every Colorado family is prepared in case of a disaster. The challenge for those who are responsible for preparing Colorado for any disaster is how to create a culture of preparedness without creating unnecessary fear or panic in our communities. If the message is sent from state or local government that a disaster is imminent so preparation is mandatory, those authorities run the risk of being ignored in the future when no disaster immediately occurs. Even after Hurricane Katrina and the lessons of poor community preparedness learned in that disaster, surveys show fewer of our citizens have emergency preparedness kits now than before Katrina. Disasters are usually no-notice, so advance preparation is critical. Help is needed from all levels of government and community leadership to send the message of community and individual responsibility for preparedness. Public Service Announcements on community preparedness from community leaders are vital in creating a culture of preparedness in Colorado. Community preparedness also means businesses that provide critical community services or products must be prepared to recover from a disaster as soon as possible and continue operating. The Colorado Emergency Preparedness Partnership (CEPP) is one initiative that brings government and businesses together to coordinate and leverage their efforts in community preparedness. More of these initiatives should be encouraged throughout Colorado. Federal grant funds are being used almost exclusively to support these programs in Colorado. State and local government leadership must consider whether we are willing to accept the risks associated with poor community preparedness or determine if more state and local resources or programs are needed to supplement preparedness efforts throughout the state.

GOHS - WORKLOAD INDICATORS

Amount of Homeland Security Federal Grant Funds administered annually over 7 Years

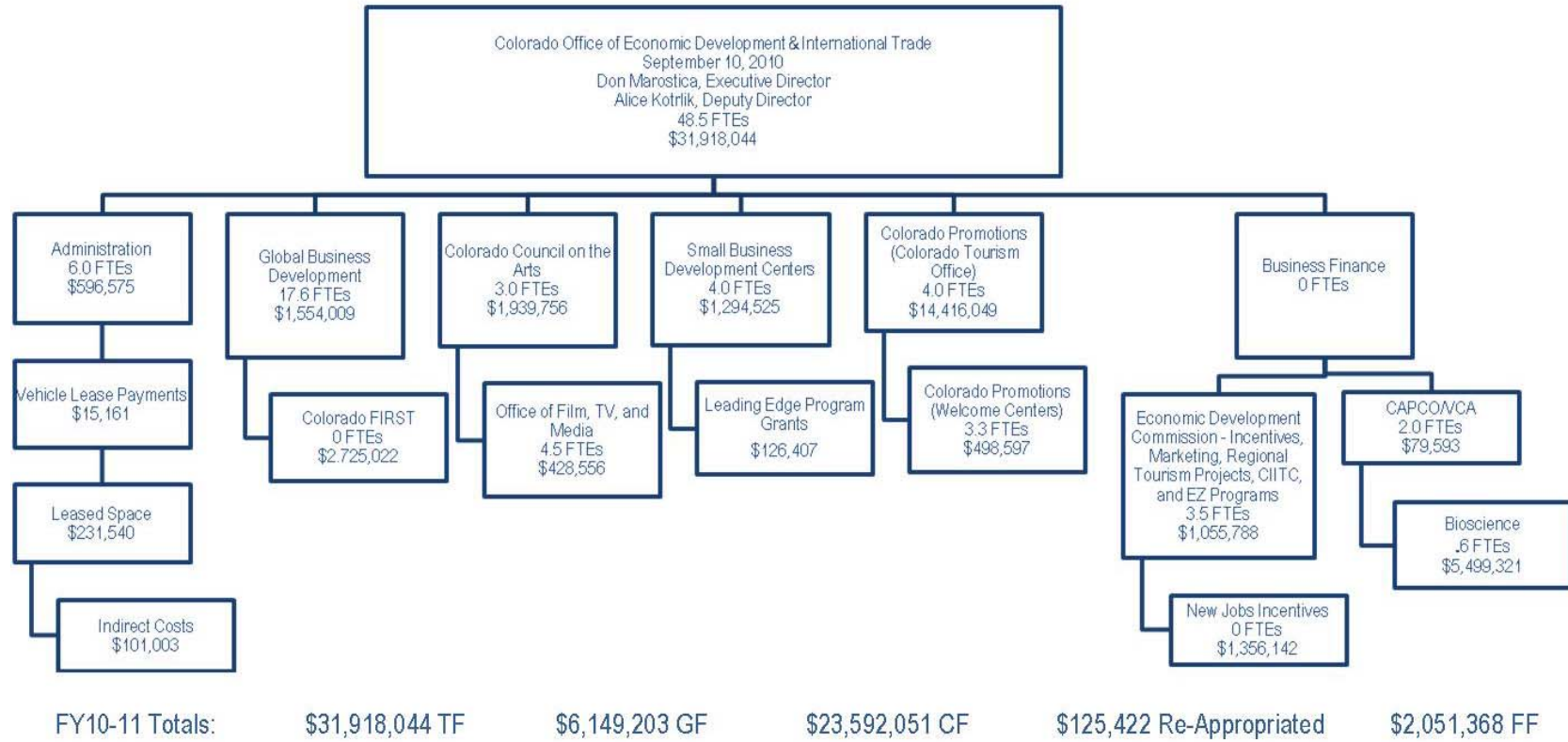
Program	2004	2005	2006	2007	2008	2009	2010	7 Year Total
State Homeland Security Program (SHSP)	\$28,041,000	\$17,796,658	\$8,080,000	\$6,430,000	\$11,880,000	\$10,925,000	\$10,979,859	\$94,132,512
Law Enforcement Terrorism Prevention Program (LETPP)	\$8,321,000	\$6,471,512	\$7,600,000	\$4,600,000	0	0	0	\$26,992,512
Citizen Corps Program (CCP)	\$582,000	\$225,929	\$322,819	\$244,560	\$249,368	\$248,204	\$213,523	\$2,086,403

Urban Area Security Initiative (UASI)	\$8,595,347	\$8,718,395	\$4,380,000	\$7,850,000	\$7,614,500	\$7,053,050	\$7,064,120	\$51,275,412
Metropolitan Medical Resource System (MMRS)	0	\$682,776	\$696,990	\$774,435	\$963,663	\$963,663	\$952,257	\$5,033,784
Public Safety Interoperable Communications (PSIC)	0	0	0	\$14,336,638	0	0	0	\$14,336,638
Transit Security Grant Program (TSGP)	0	\$1,225,000	\$1,150,000	0	\$831,648	\$0	0	\$3,206,648
Interoperable Emergency Communications Grant Program (IECGP)	0	0	0	0	\$609,616	\$689,951	\$621,000	\$1,920,567
Buffer Zone Protection Program (BZPP)	0	\$1,450,000	\$189,000	0	\$1,597,000	\$600,000	\$400,000	\$4,236,000
Nonprofit Security Grant Program (NSGP)	0	0	0	\$170,875	\$55,843	\$99,538	\$75,000	\$401,256
TOTAL	\$45,539,347	\$36,570,270	\$22,418,809	\$34,406,508	\$23,801,638	\$20,579,406	\$20,305,759	\$203,621,737

Workload Measure	Unit	FY 08 Actual	FY-09 Actual	FY-10 Actual	FY-11 Est.
Grant Awards Managed	# of Awards	N/A	122	147	140
Financial Transactions Completed	# of PV, IT, JV, & CR	N/A	756	803	800
Grant Projects Submitted and Reviewed	# of Projects	N/A	198	243	160
Grant Monitoring Visits Performed	# of visits	N/A	5	11	8
Individual Training Applications Processed	# of Applications	N/A	596	450	500
Training Courses requested for HSEEP, MTT & MCR	# of Requests Processed	N/A	44	35	40
Community Preparedness Outreach Events and Presentations	# of events and presentations	N/A	27	30	35
Staff Visits to AHEMR for Planning & Capability Assessments	# of visits	N/A	11	20	18
State Strategy Goal Working Groups Trained, Formed & Operating	# of Groups	N/A	4	15	37
Exercise Program Support and Technical Assistance	# of visits & exercises	N/A	N/A	23	35

PV = Payment Vouchers
 IT = Interagency Transactions
 JV = Reallocation of Expenditure
 CR = Cash Received
 HSEEP = Homeland Security Exercise and Evaluation Program
 MTT = Mobile Training Teams
 MCR = Mobile Course Requests
 AHEMR = All Hazards Emergency Management Regions (nine total in Colorado)

Office of Economic Development and International Trade



OEDIT - BACKGROUND INFORMATION

The Colorado Office of Economic Development and International Trade (OEDIT) assists in strengthening Colorado's prospects for long-term economic growth by providing broad-based support to Colorado businesses. OEDIT monitors and responds to economic conditions throughout the state; initiates support for small business creation and expansion; creates initiatives that support emerging industries; builds a strong public-private approach for program delivery; facilitates the development of quality jobs; and assists the State's economy while preserving quality of life.

OEDIT's direct appropriation from the Colorado legislature is \$31,918,044, of which approximately 73.9% or \$23,592,051 is from cash funds. The remaining appropriation consists of 19.3% or \$6,149,203 from general funds; 6.4% or \$2,051,368 from federal funds for which the Colorado legislature provides required matching funds; and .4% or \$125,422 from reappropriated funds. OEDIT's primary location is at 1625 Broadway, Suite 2700, Denver, Colorado. In addition, OEDIT has various regional service locations for its business development and Colorado Promotions/Tourism Office Welcome Centers programs. OEDIT also provides funding and has certain oversight responsibilities for a number of service providers throughout Colorado, such as for its Small Business Development Center network and regional Business Loan Funds.

OEDIT's objectives are increasing quality job creation by expanding and attracting businesses; maintaining Colorado's diverse economic base by retaining existing jobs through responsive programs and a supportive business climate; positioning Colorado as a national leader in emerging industries, including aerospace, bioscience, renewable energy, tourism, technology, and the creative industries; supporting entrepreneurs and small businesses, and strengthening regional economies, with specific emphasis on rural and lagging communities. OEDIT's core programs and services used in achieving its objectives are described below. Additional information on programs/services can be found at www.advancecolorado.com.

OEDIT's Administration Division provides the organization with strategic and operational management direction, policy formulation, accounting, budgeting, procurement, limited personnel functions and other administrative functions. This division

September 10, 2010

FY2011-12

Department Description

includes OEDIT's Executive Director Don Marostica, Deputy Director Alice Kotrlik, Director of Administrative Services, Marketing and Communications Jan Cook, and Controller Kyle McDonald.

OEDIT's Business Development Division, within Global Business Development, serves as the primary point of contact for the State's significant business development retention, recruitment and expansion activities by providing leadership, assistance, technical support and referrals for local economic development initiatives. Business programs and services offered include: Business Retention, Attraction, and Expansion; Project Management and Site Selection Assistance; Data Analysis, Data Dissemination, and Monitoring of Economic Indicators; Customized Industry Training (Colorado First and Existing Industry Program) jointly administered with the Colorado Community College System; Colorado Marketing and Promotions; Trade Shows and Targeted Advertising; Various Targeted Industry Initiatives; and Aviation Development Zone Registration by Airports. Community based programs include Regional Business Development Representatives; Economic development assistance to local organizations; OEDIT's Community Assessment Program; and Synchronist/State Business Retention and Expansion Program. OEDIT's Business Development Division Director position is currently vacant.

OEDIT's Creative Industries Division is a result of the merger of the former Colorado Council on the Arts, the Office of Film, Television and Media, and the state's Art in Public Places program. The 2008 study of Colorado's Creative Economy showed that the state has become a magnet for creative enterprises and creative workers. Colorado is 5th in the nation in concentration of artists, including architects, designers, writers and authors, photographers, producers, directors and musicians. With more than 186,000 jobs, the creative sector is Colorado's 5th largest employment cluster. Colorado's creativity extends beyond the conventional artistic fields to include new media technologies, outdoor equipment design, green products, and craft food and beverages.

The new Creative Industries Division was established in July 2010 to capitalize on the immense potential for the creative sector to drive economic growth in Colorado. In FY10-2011, the division will focus on five program priorities to support and expand the creative sector: increase access to direct financial support, create and expand professional development and networking opportunities, promote Colorado as a premiere creative hub, increase access to arts and creativity skills in preschool through college education and workforce development, and stimulate increased support by local governments and coalitions. OEDIT's Creative Industries Division Director is Elaine Mariner.

OEDIT's Small Business Development Center Division, the Lead Center, has oversight responsibility for Colorado's Small Business Development Center network. Colorado's Small Business Development Centers (CSBDC) provide counseling and training services to small business owners and entrepreneurs for business planning, sources of capital, domestic and international marketing, accounting, related business disciplines and targeted services for veterans. The CSBDC network consists of 14 full-service centers located throughout the State providing coverage to every county in Colorado. The Division and its network provide service to existing businesses and start-up entrepreneurs. The SBDC produces the Colorado Business Resource Guide, which is a comprehensive guide for starting and operating a business in Colorado. The CSBDC also administers the Colorado Leading Edge Training Program, which provides intensive entrepreneurial training with a minimum of 35 classroom hours and five (5) one-on-one counseling hours at sites across Colorado.

The CSBDC works in conjunction with the Minority Business Office (MBO), within Global Business Development, to assist women and minority-owned businesses (the fastest growing small business segments in Colorado) in accessing certified Disadvantaged Business Enterprise (DBE) business opportunities and other services. Throughout the year, the CSBDC and MBO take a proactive approach in reaching out to veteran, minority and women-owned business communities by sponsoring events, conferences, and participating in workshops. In addition, the MBO provides surety bond technical assistance to historically underutilized businesses and has established a database with information on bonded women and minority businesses in Colorado. OEDIT's Small Business Development Center Division Director is Kelly Manning.

OEDIT's International Trade Office (ITO) Division, within Global Business Development, promotes the export of Colorado products and services through its export counseling services and trade promotion events, and markets Colorado to potential foreign investors. The ITO organizes low-cost, state-sponsored international trade missions, provides guidance in the mechanics of exporting through seminars and one-on-one counseling, helps companies identify target markets, trade leads and assists in arranging meetings with foreign buyers and distributors. ITO also provides support for export troubleshooting, for example assisting with regulatory issues or advocating to remove trade barriers. It also maintains a network of international private and government organizations. ITO actively promotes Colorado as a place to invest (inward foreign direct investment)-showcasing Colorado to foreign companies. The ITO makes presentations in Colorado and abroad, providing an overview of Colorado's key industries and economic climate and provides specific services to companies.

ITO has a part-time office in Mexico City run by a contract representative and also has a number of Honorary Trade and Investment

September 10, 2010

FY2011-12

Department Description

Representatives. Such foreign office representation provides on the ground presence in key world markets for assisting Colorado companies and promoting Colorado to investors. OEDIT's ITO Division Director is Pam Reichert, who is also the State's point of contact to the U.S. Trade Representative's Office on trade policy.

OEDIT's Colorado Tourism Office (CTO) Division promotes the growth of the travel and tourism industry thereby creating jobs, increasing tax revenues and furthering economic development. Through a comprehensive marketing, advertising and public relations campaign, the CTO promotes Colorado as a premier leisure travel destination to international and domestic travelers (including out-of-state and in-state travelers). The CTO engages Colorado's tourism industry through partnership opportunities, as well as receives input on its programs from the industry. The CTO works with a national research firm to ascertain the impact of visitors to the state economy, including the effectiveness of its advertising campaign, visitor spending and state and local tax revenues derived from travel expenditures.

The Office promotes tourism in Colorado through the following programs: Welcome Centers, Tourism Promotions, the Tourism Website, the Official State Vacation Guide, Distribution of the Official State Map and the Heritage and Agritourism Tourism Programs. OEDIT's Tourism Division Director position is vacant with Don Marostica serving as the Interim Director.

OEDIT's Business Finance Division serves as the primary contact for the State's business financing, business incentive and grant programs. The Business Finance Division includes the following programs: the Economic Development Commission's (EDC) General Economic Incentives and Marketing Program (Strategic Funds), the EDC's new Job Tax Incentive Program, the EDC's Enterprise Zone Program, the EDC's Colorado Credit Reserve Program, the EDC's Regional Tourism Act Program, the EDC's Colorado Innovative Investment Tax Credit Pilot Program, the Bioscience Discovery Evaluation Grant Program, the Certified Capital Companies (CAPCO) Program, and Venture Capital Authority (VCA). In addition, the OEDIT's Business Finance Division has administration and oversight responsibilities for the economic development portion of the federal Community Development Block Grant (CDBG) Program (which includes regional business loan funds, infrastructure assistance and planning/feasibility study funding). The Business Finance Division also assists businesses by referring entities to potential financing options offered by other sources of local, state, federal and private funding. OEDIT's Business Finance Division Director is Alice Kotrlik.

OEDIT - PRIOR YEAR LEGISLATION

SB10-094, (Steadman/Rice), Art in Public Places-Define Appropriation

The bill clarifies the types of public construction projects required to purchase art as part of the Art in Public Places Program. Specifically, the bill clarifies that the 1 percent allocation for public art be calculated based on the state-funded portion of a project's capital construction costs. It also specifies that funding for art must be included for projects that are funded through lease-purchase agreements. Lastly, the bill exempts certain types of projects from the public art requirement, including agricultural facilities construction, public and charter school construction, redevelopment and clean-up of contaminated sites, and controlled maintenance of existing facilities. *This program is administered by OEDIT's Creative Industries Division.*

SB10-158, (Newell/Rice), Creative Industries Division in OEDIT

The Office of Film, Television, and Media, the State Council on the Arts, and the Art in Public Places program were all established within the Colorado Office of Economic Development and International Trade (OEDIT). However, they were not in the same statutory location and were separately administered. The bill creates a Creative Industries Division within the Colorado Office of Economic Development, merges the 3 programs described above and reorganizes statutory provisions accordingly. The State Council on the Arts is renamed the Council on Creative Industries and is authorized to establish policies. *This division is one of OEDIT's divisions.*

SB10-162, (Heath/Hullinghorst and May), Modifications to Enterprise Zone Act

This bill creates a pre-certification process that businesses are required to complete before moving forward with activities that would earn income tax credits, requires businesses to file electronically unless a hardship is demonstrated, establishes a standard method of calculating a zone's population and current population limits for urban and rural zones, removes ineffective economic indicators from the statute, change industry coding to commonly used NAICs coding, and authorizes zones to charge reasonable fees to Contribution Project Organizations. These changes are effective January 1, 2012. In addition, the bill requires OEDIT to work with the Colorado Economic Development Commission and the Department of Revenue to implement a method of electronic pre-certification and certification prior to January 1, 2013. *This program is administered by OEDIT's Business Finance Division.*

HB10-1180, (Massey/Gibbs and Spence), Performance-based Incentive for CO Film Productions

This bill authorizes use of more flexible criteria for a film production company to qualify for a performance-based incentive for film production activities in Colorado. Specifically, the bill allows an incentive for a television commercial, incorporates the definition of "qualified payroll expenditure" into the definition of "qualified local expenditure", removes the requirement that the production company must spend at least 75 percent of its production expenditures on qualified local expenditures and qualified local payroll

expenditures, adds a requirement that the production company must employ a workforce made up of at least 25 percent Colorado residents; reduces the minimum total qualified local expenditures for a production company that does not originate its film production activities in Colorado from \$1 million to \$250,000; and lowers the actual qualified local expenditures necessary to receive an incentive. *This program is administered by OEDIT's Creative Industries Division.*

HB10-1200, (Hullingshorst/Heath), Enterprise Zone Investment Tax Credit Deferral

This bill establishes a temporary requirement that businesses defer claiming an Enterprise Zone Investment Tax Credit that exceeds \$500,000 in years 2011, 2012 and 2013. Businesses are allowed to claim the deferred credit as a carryforward tax credit for 12 income tax years following the year in which the credit was originally allowed plus one additional income tax for each income tax year that the credit was deferred. *This program is administered by OEDIT's Business Finance Division.*

HB10-1285, (Priola/Tapia), Overweight Vehicle Fine Tax Incentives

This bill provides a 1.5% enterprise zone commercial vehicle investment tax credit on qualified investment in a new commercial vehicle(s) that is licensed and registered within the state and predominately housed and based at the taxpayer's business trucking facility within a state designated enterprise zone for the 12 month period following its purchase. This bill is also impacted by SB10-162 described above, specifically the pre-certification process that businesses are required to complete before moving forward with activities that would earn income tax credits which is effective starting January 1, 2012. *This bill is administered by OEDIT's Business Finance Division.*

OEDIT - HOT ISSUES/KEY INITIATIVES

The condition of the U.S. economy remains a key hot issue for economic development programs. The recession has turned out to be the worst downturn for the U.S. economy since the Great Depression. As of August 2010, Economy.com projects that the U.S. will suffer another year of net negative job growth. The magnitude is -0.4%, certainly a vast improvement from the 4.3% job losses seen in 2009. Colorado was one of the last states to fall into recession, but is now struggling to recover. The regional outlook projects Colorado will suffer a 1.5% job loss before returning to positive job growth in 2011. On the bright side, with a 1.7% growth in jobs projected for 2011, Colorado will again join the top ten states in job growth performance. Still, the return to peak employment of 2008 is expected to take five years. Colorado's path to recovery is reliant on emerging industries in addition to agriculture and mining.

Industry Initiatives - In spite of job losses in many sectors throughout the economy, Colorado continues to generate new jobs to partially mitigate those lost. A primary factor in this development is the state's position as a leader in the new energy economy. Real evidence of its key position in this industry is the announcement of multiple projects by Vestas. The economic multiplier effect from these projects is very powerful as numerous companies seek to be suppliers to Vestas and look for Colorado business locations. An example is the location of Bach Composite Industry's (a Danish-based supplier to Vestas) manufacturing plant employing 100 workers, in Fort Lupton. Solar energy has also become a major economic driver in Colorado. SMA Solar, a German-based company, is opening a manufacturing facility in Denver that will lead to as many as 700 jobs. Job announcements in a broad spectrum of industry sectors have continued to keep Colorado from sinking into a deeper recession.

Based on the most recent data available for the 2009 calendar year, Colorado experienced a stronger than expected year in travel and tourism. During this timeframe, Colorado experienced a very slight increase in overnight visitation, with 27.5 million overnight domestic visitors, up from 27.4 million in 2008. However, spending by these visitors decreased significantly due to the softening of the economy, with an 11% decline. The Dean Runyan & Associates' report on the "Economic Impact of Travel on Colorado, 2009", estimates spending totaled \$13.4 billion, down from \$15 billion in 2008. However, it also points out that a portion of this decline was actually due to price deflation, primarily from lodging deals and lower gas prices. The 2010 calendar year will continue to be a challenge for the travel and tourism industry due to the soft economy, low consumer confidence, weak job market, decreased airline capacity and a continued reduction in the Colorado Tourism Office's marketing budget. With the recent launch of a new, greatly improved tourism website, www.Colorado.com and continued strategic marketing, both domestically and internationally, the CTO is continuing its strong state marketing activities.

OEDIT has undertaken a number of initiatives to assure that Colorado is able to capitalize on the emerging industries of the future, and to provide an innovative and business friendly environment for new and home-grown companies to share in the prosperity of these economic sectors. The focus on the emerging industries will provide further stimulus for growth in the 21st century industry.

Competitiveness – The Colorado legislature enacted legislation during the 2010 session, such as SB10-162, that updated, modernized, and improved Enterprise Zone designation and data collection methods. HB10-1431 modified the valuation of renewable energy facilities, continuing to make Colorado an attractive location for renewable energy development. During this challenging economic climate, the number of targeted economic development initiatives will assist in strengthening Colorado's position and business' ability to retain existing jobs and create new jobs. While a number of tax credits and exemptions were temporarily suspended, it is important to note that the suspensions are generally due to expire in 2012.

Creativity and Innovation - According to a 2007 study by the Conference Board, U.S. employers rate creativity and innovation among the “top five skills that will increase in importance over the next five years” and “stimulating innovation/creativity is among the top 10 challenges of U.S. CEOs”. The study reports that CEOs and school superintendents alike believe that learning in and through the arts is crucial to developing creativity in students grades P-20. OEDIT’s Creative Industries Division was created during the 2010 legislative session to capitalize on the immense potential for the creative sector to drive economic growth in Colorado.

OEDIT - WORKLOAD INDICATORS

Workload Indicators	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate
<i>Business Finance Division</i>			
Number of Rural Business Financing Forums Planned and Coordinated	5	5	5
Number of Board/Committee Meetings Staffed by Business Finance Division Staff	33	28	24
Number of Finance Division Contracts under Management	107	115	130
Number of Reports (to Legislature, federal agencies, etc.)	9	7	11
Number of Monitoring Visits Completed	8	6	5
Number of Audits (by state and/or federal agencies providing funding)	1	1	1
<i>Business Development Division</i>			
Number of Business Relocation/Business Expansion Prospects and Business Retention Projects Managed	96	85	80
Number of Community Economic Assessments and Number of Business Retention and Expansion Program Assistance	21 CEA 3 BREA	6 CEA	25 CEA
Number of Business Development Promotion Activities (trade shows, website, advertising)	22	20	12
Number of Other Business Development Grants/Programs Managed	8	8	8
Number of Colorado First/Existing Industry Grants Managed	102	66	95

Workload Indicators	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate
<i>Minority Business Office Division</i>			
Number of Women and Minorities (historically underutilized businesses) Receiving Surety Bond Technical Assistance	300	324	400
Number of Seminars and Trade Fairs Planned & Coordinated	20	25	28
Number of Newsletters Issued & Other communications	24 issues	22 issues	22 issues
Number of Small businesses in directory	2,300	2,500	3000
<i>Small Business Development Centers Division</i>			
Number of Monthly Host Small Business Development Centers (SBDC) Performance Monitoring	14	180 ¹	180 ¹
Number of Subrecipient Annual Performance Letters Issued	15	14	14
Accreditation Reviews (every four years)	0	0	0
Number of Quarterly Reimbursement Requests from Host SBDCs	56	55	54
Number of Yearly Program and Financial Reviews of Host SBDCs performed	5	14	28 ²
<i>International Trade Office Division</i>			
Number of companies receiving substantial international export and foreign direct inward investment assistance	196	329	200
Number of Presentations on Export Promotion, Export Training Seminars and Investment (made to groups within and outside of Colorado) and the Total Number of Attendees at Such Events	49/2,410	59/2,337	70/2,000
Number of Outgoing and Incoming Trade Missions Promoting Colorado Exports and Investment Opportunities	10	14	8
Number of E-newsletter and Other Communications Recipients	2,846	2,104	2,200
<i>Colorado Tourism Office Division</i>			
Number of Tourism Industry Events, Trade Shows & Sales Missions	53	55	56

Workload Indicators	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate
Number of CTO Contracts Managed	79	60	65
Number of Tourism Board and Committee Meetings and Number of Tourism Industry Communications	78	80	86
<i>Colorado Council on the Arts Division</i>			
Value of Art in Public Places Managed	\$3,567,591	\$1,028,007	\$2,558,093
Number of Schools and Districts Served	20	24	28
Number of Contracts Managed	213	297	247
Office of Film, Television & Media Number of Production Inquiries	193	221	221
Office of Film, Television & Media Number of People Trained in Colorado Communities	N/A	475	520

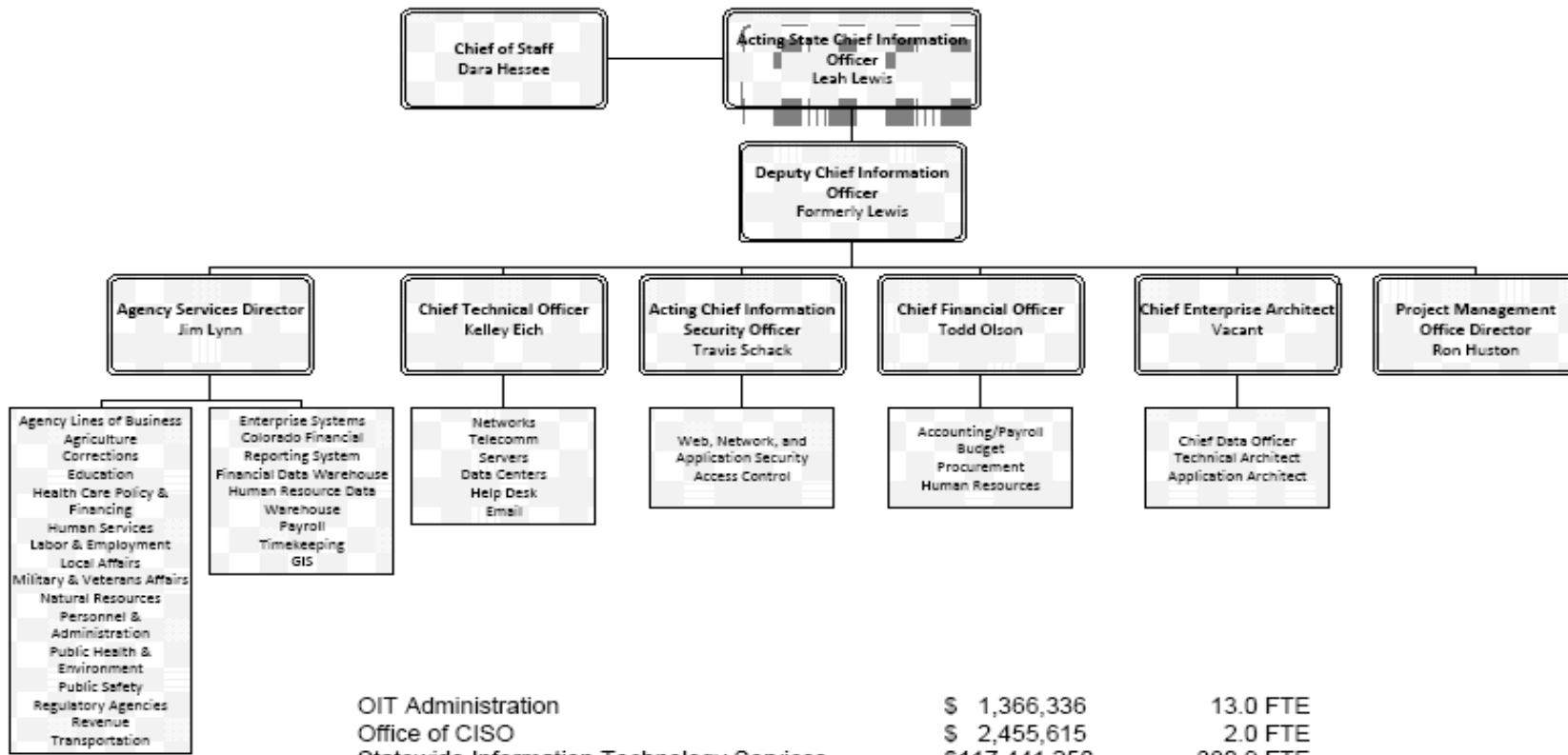
¹The number of monthly host SBDC performance monitoring indicators has increased significantly due to new monthly benchmarks and balanced scorecard processes (15 centers*12 months).

²For the state's fiscal year 2010-2011, it is estimated that the SBDC will complete 14 financial and 14 programmatic reviews in preparation for and during the program's accreditation process.



Governor's Office of Information Technology

August 2010



OIT Administration	\$ 1,366,336	13.0 FTE
Office of CISO	\$ 2,455,615	2.0 FTE
Statewide Information Technology Services	<u>\$117,441,250</u>	<u>880.9 FTE</u>
TOTAL FY 2010-11 Budget:	\$121,263,201	895.9 FTE

Governor's Office of Information Technology Background Information

The Governor's Office of Information Technology (OIT) oversees technology initiatives at the State level, recommending strategies that maximize efficient technology service delivery in a cost-effective manner through the application of enterprise technology solutions. OIT is established in State law to coordinate and direct the use of IT resources by State agencies. In this capacity, OIT is responsible for oversight, administration and management of centralized IT in State government in Colorado.

Prior to the Ritter administration, departments and agencies were allowed to independently acquire uncoordinated and duplicative IT resources that are more appropriately acquired as part of a coordinated effort. The sharing of communication and IT resources among agencies is often the most cost-effective method of providing the highest quality and most timely governmental services that would otherwise be cost prohibitive. Further, the development and implementation of consolidated procurement strategies and coordinated governance and management of critical projects, systems, applications and equipment provide the largest economies of scale both financially and operationally.

The first step taken to achieve the financial consolidation of IT spend came in May 2007 when the Governor issued Executive Order D 016 07. The Executive Order mandated that all IT budget requests be reviewed and approved by OIT prior to being submitted to the Office of State Planning and Budgeting (OSP) and it further mandated that all IT procurements greater than \$10,000 be approved by OIT prior to the actual procurement. In both cases, the purpose was to give OIT touch points to identify potential areas of collaboration, determine whether there was capacity in existing systems, and/or to develop economies of scale in procurements, infrastructure and systems statewide. This authority was further solidified via Senate Bill 08-155 (CRS 24-37.5-101 et seq).

Senate Bill 08-155 provided the framework to facilitate a consolidated strategic and operational direction for IT in the State of Colorado under the centralized management of OIT. As a result of SB08-155, the authority that was initially granted via Executive Order D 016 07 was placed in statute, and the legislation formally enabled OIT as the agency designated with the authority for the management and delivery of centralized IT services in the State, including leadership, procurement, budgeting, strategic operations, project management, and enterprise architecture. In summary, SB 08-155 was expected to generate efficiencies by leveraging common services, infrastructure and applications statewide and optimizing the procurement strategy of the State related to the acquisition of goods, services and consulting. This strategy has already promoted a more stable, dynamic and effective IT infrastructure in Colorado State government that provides multiple benefits to state departments and citizens.

One of the most critical objectives in the IT consolidation was also enabled through the statutory changes enacted pursuant to SB 08-155. The legislation facilitated the statutory and organizational re-alignment of all Executive Branch IT personnel from State agencies to OIT. The budgetary transfer of the staff and associated personnel/payroll costs was finalized via Decision Item last budget cycle, and was implemented effective July 1, 2010 pursuant to JBC and General Assembly approval. The total budgetary transfer of FTE and associated personal services budgets to OIT has not only been done within existing budget, but has reduced FTE statewide by 100 FTE and \$7.8 million (which represents an annual reduction of 12%). With this transition, OIT and the State can now fully leverage commonalities among agencies to achieve the maximum benefits, whether related to specific systems, projects, procurements, etc., from an enterprise perspective given that OIT now manages 100% of the information technology personnel in the Executive Branch.

As mentioned above, OIT has generated some materially significant personal services savings through the reduction of full time equivalent (FTE) information technology positions. This reduction will net the State nearly \$25M through Fiscal Year 2013. In addition, OIT will achieve another \$10M in savings over the same four year period through the re-negotiation of contracts, consolidation of multiple contracts into single enterprise contracts and through data center consolidation efforts. Overall the financial and operational consolidation OIT has undertaken has started to pay huge dividends and it will only improve in later phases.

OIT Governance and Controls Program



Historically, State IT expenditures were neither identified nor tracked separately in the State’s financial systems in a manner that allowed for financial and trend analysis of the statewide data without onerous manual processing. It was not until fiscal year 2007 that OIT began to identify and track these expenditures in a manner which could be reported to departments and the State’s citizens. Total information technology expenditures for the Executive Branch (those agencies subject to CRS 24-37.5-101 et seq), for the respective years listed, are as follows.

- Fiscal Year 2006-07 - \$256,343,559
- Fiscal Year 2007-08 - \$278,568,482
- Fiscal Year 2008-09 - \$287,960,204
- Fiscal Year 2009-10 - \$294,395,123*

➤ Fiscal Year 2010-11 - \$285M**
* *Unaudited* ***Estimate*

OIT has developed and implemented a comprehensive controls program that will help ensure that IT budgets will be spent in the most efficient and effective manner possible, resulting in significant savings. Further, this program encompasses project management and standard setting which are integral parts of any successful program. These controls are supported by existing statutory authority and include the following:

- ***Information Technology Planning*** - State agencies have specific and discrete missions and information technology is a key component in enabling them to meet their respective goals. Historically, each agency planned and budgeted for its own IT solutions to address their business needs rather than collaborating with other departments to accomplish common goals.

To address this problem, OIT implemented an annual planning process to identify ongoing support requirements and future IT needs of the departments, divisions and programs. Prior to the annual budget cycle, OIT works with the agencies to compile their annual department IT plans (DITP). These plans include a combination of information ranging from the preliminary justification of IT spend for the upcoming budget year to identifying mission critical needs. This improved planning process is intended to provide an enterprise overview that ensures initiatives do not overlap, neutralize, or impede each other. This annual process also:

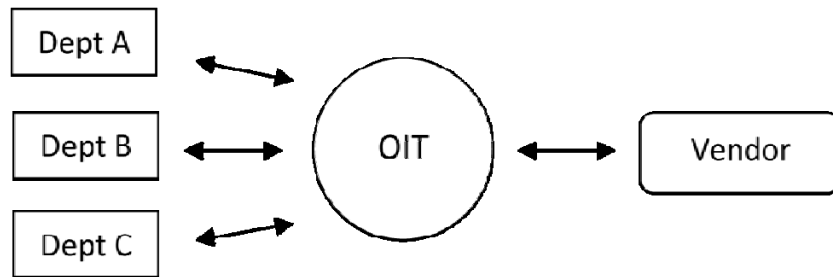
- Affords OIT the opportunity to understand the business needs of departments and to initiate a collaborative plan to help them achieve those needs while ensuring IT budgets are spent in the most economical, collaborative, and efficient manner possible;
- Allows for the identification of aggregated demand and multi-agency collaboration opportunities; and
- Generates new opportunities to leverage resources that may not have been previously identified.

Finally, the Department IT Plans (DITP) that result from this effort are not only used as a planning tool for individual Executive Branch departments, but are also a significant input to the State's annual technology plan. Pursuant to SB 08-155, OIT is statutorily required to submit an annual statewide technology plan to the Governor, the Speaker of the House of Representatives and the President of the Senate that outlines a comprehensive strategic direction for the acquisition, management and use of information technology in State government. The first report was submitted in March of 2010, and is available on OIT's public website on Colorado.gov.

- ***Procurement and Contracting Controls*** - Procurement and contracting activities have not traditionally been initiated with consideration to enterprise opportunities; however there are also significant financial savings to be gained. As a result OIT has implemented procurement controls over proposed IT expenditures. Procurement offices in Executive Branch departments and agencies are responsible for submitting these expenditure requests to OIT for review. Before approving a request, OIT determines whether the expenditure is part of an approved budget, adheres to existing standards, and uses the enterprise infrastructure effectively. OIT also uses this data to analyze IT purchasing trends in order to target spend categories and create enterprise-level

agreements that will afford statewide cost savings and cost avoidance for commodities and services. Recently OIT completed consolidated agreements with Cisco, McAfee, Novell and Information Builders, and negotiations are currently in process with many other vendors.

In the examples of the current completed enterprise agreements and future consolidation initiatives, contractual agreements and other price agreements are executed between OIT and the respective vendor, and OIT bills back to departments based on utilization. When a contract is consolidated, the departments will still be responsible for the recording and depreciation of any assets, but OIT will track and maintain inventory and licensing information. The diagram below outlines OIT's role in this process:



Additionally, one of the key tasks associated with IT contracting is a consolidation of our existing footprint of IT contracts into agreements that all State agencies can purchase and benefit from. It is apparent that a tremendous amount of resources are wasted by performing duplicate tasks associated with IT contracting. The previous decentralization of IT procurement in the State of Colorado historically has resulted in multiple disparate agreements with vendors, creating a drain on the State's resources, increasing the administrative load on vendors and thereby raising the overall cost of these contracts. Under the authority granted pursuant to SB 10-032, OIT is now able to negotiate amendments to existing contracts that will facilitate technology standardization across the enterprise, allowing for greater coordination and lower IT costs across state agencies through volume discount pricing and economies of scale.

Below is a summary of some relevant statutes related to statewide technology procurements and contracting:

- *Initiate all procurements of information technology resources for state agencies and enter into any agreement or contract in connection with such procurement on behalf of a state agency. §24-37.5-105(3)(i) CRS*
- *Direct the development of policies and procedures for state agency requests for IT procurements, agreements or contracts. §24-37.5-106(1)(g) CRS*
- *Aggregate IT procurements for one or more state agencies. §24-37.5-106(1)(h) CRS*

- *The Office may review existing information technology resources contracts entered into by any state agency to determine whether the state can improve the cost-effectiveness of its technology investments and meet the business needs of the state by amending the existing contracts in accordance with this subsection (10). §24-37.5-105(10)(a) through(c) CRS*
- *The Office...shall enter into the amended contract on behalf of all affected state agencies. §24-37.5-105(10)(a) CRS*
- *Budgetary Controls* - OIT reviews all IT-related budget change requests from Executive Branch departments prior to submitting those requests to the Office of State Planning and Budgeting (OSPB) for consideration. This review allows OIT to determine if there are consolidation/collaboration opportunities and to validate that the requests are consistent with the strategic direction of IT in the State while supporting the business needs of the departments. Once reviewed with the departments and if approved, the requests are submitted to OSPB and subsequently to the Joint Budget Committee (JBC).

Below are some statutory citations that identify OIT's role in the IT budget process:

24-37.5-106. Chief information officer - duties and responsibilities –

(d) Direct the development of policies and procedures, in consultation with the office of state planning and budgeting, that are integrated into the state's strategic planning and budgeting processes and that state agencies shall follow in developing information technology plans and technology-related budget requests;

(f) In consultation with the office of state planning and budgeting, prepare and submit budget requests for all information technology resources to be utilized by state agencies;

- *Grant Application Controls* - OIT encourages the use of grants by state agencies to augment existing appropriations, however many grants provide IT infrastructure build-out which is currently not coordinated through OIT. This lack of coordination directly results in the continued proliferation of IT infrastructure silos. Further, grants generally provide for infrastructure funding with no future year support for operating costs (e.g., ongoing maintenance, software/hardware upgrades, etc.). To ensure that agencies are considering all costs associated with receiving grant funding, OIT is in the process of implementing a comprehensive Total Cost of Ownership (TCO) analysis to be completed during the grant application process.
- *Standard Setting* - The historical lack of hardware and software standards contributed to the proliferation of multiple platforms servicing the same needs across departments. The lack of standardization makes it difficult to fully leverage the State's purchasing power and to ensure there are adequate staffing levels and skill sets to service all the hardware and software platforms that support a multitude of citizen facing services.

OIT has the authority to “determine and implement statewide efforts to standardize IT resources to the extent possible” (§24-37.5-105(9) C.R.S) and to “coordinate and direct the formulation and promulgation of policies, standards, specifications and guidelines for IT in state agencies...” (§24-37.5-106(1)(c) C.R.S). Under this authority, OIT developed hardware and software standards for implementation starting in 2010, and all purchases of IT goods will prospectively adhere to such standards. These standards were designed to ensure the effective use of the state's purchasing power and provide for cross-departmental experience with a limited number of standard platforms.

- *Accounting and Reporting Improvements and Controls* - State agencies have historically lacked a mechanism to consider IT spending from an enterprise perspective and therefore miss opportunities to implement technology solutions that leverage opportunities to collaborate activities and resources among departments. Compounding this challenge is the fact that transactions are not consistently recorded in the State's financial and accounting systems in a manner that identifies them as IT expenditures. Without having this information properly recorded, this data is not readily available without manual analyses. OIT and the Office of the State Controller worked diligently over the past two years to develop the best historic and current reporting structure possible. Through better reporting processes, agencies will have a better understanding of their actual IT spend. OIT will continue to work with Agency IT Directors and budget and financial officers to ensure that this key data is provided to and reviewed with the appropriate senior level management across the Executive Branch to facilitate better management of the State's IT resources.

OIT Program overview

OIT is one of only two completely internal service fund departments or offices within Colorado State government along with the Department of Personnel and Administration. This means that OIT bills 100% of its costs and activities to users on a cost reimbursement basis (OIT is not a profit center) in accordance with state and federal governmental accounting standards and guidelines; additionally, OIT recalculates its services rates on an annual basis. Our mission is to deliver services and infrastructure and to provide support functions for other government agencies and departments including State, federal and local government entities among others. In this context, OIT complements business functions and processes of the entire Executive Branch by maximizing technology resources and service delivery. OIT is now truly serving in a vendor role with financial and fiduciary responsibility to the remainder of State government.

OIT is funded almost exclusively through 're-appropriated' funds, and does not receive any direct General fund appropriations. OIT bills State departments for enterprise-level services just like any third party vendor would bill a State department, and depending on the service, this billing can occur as a direct billing to State department program operating appropriations or through one of four IT common policy appropriations in department budgets that are dedicated to IT functions provided by OIT:

- OIT Management and Administration
 - Management and general administrative activities of OIT.
- General Government Commuter Center
 - All data center activities including mainframe operations, server hosting/housing, and application support.
- Network/MNT
 - All wide-area networking activities (historically known as the multi-use network, and in the future as the "Colorado State Network"), and local area network activities.

- Communication Services
 - All activities associated with the State’s public safety radio system, both microwave and the Digital Trunked Radio System.

If a Department utilizes OIT services, these common policy lines will be found in their Long Bill appropriations. The current total of these appropriations in FY 2010-11 is ~\$90 million.

OIT currently includes the following components:

- **OIT Administration;**
- **Office of the Chief Information Security Officer; and**
- **Statewide IT Services**

OIT Administration provides the organization with strategic and operational management direction, policy formulation, and serves essentially as the “Executive Director’s Office”. This entity includes the Acting State Chief Information Officer (CIO), Leah Lewis, and her management and support staff, who have operationalized the senior executive level management function for OIT.

The **Office of the Chief Information Security Officer** (CISO), also referred to as the Office of Cyber Security (OCS), is tasked with enterprise-wide IT related cyber security functions that include assessment, monitoring and process implementation. The mission of this program is directly aligned with the goals and objectives of the National Strategy to Secure Cyberspace as OCS is the single State source for cyber security readiness and awareness. Working closely with federal, State, local and private sector partners, the OCS actively gathers and analyzes information on cyber threats and vulnerabilities that present risk to the State's information systems, networks and applications.

Statewide Information Technology Services, the largest single group in the current OIT organization is comprised of several programs/functions, including Statewide Information Technology Management, which provides the support staff and management necessary to facilitate IT consolidation and central management of the enterprise (including oversight, control and management associated with procurement, accounting, budgeting, project management, human resources and other necessary functions). The historic mission of Statewide Information Technology Services is to provide enterprise-level technology services to State agencies.

Additional components of Statewide Information Technology Services maintain the computing and network infrastructure utilized by all State agencies to accomplish their respective business functions and program objectives for the State of Colorado and its citizens. This infrastructure includes the State’s central data center facilities, enterprise desktop support and help desk/service center functionality, the Multi-Use Network (MNT), the Digital Trunked Radio System, a dynamic telecommunications infrastructure through the Colorado Integrated Communications Network, and application systems support for statewide applications and systems. Examples of some specific services currently provided include the following:

Statewide Applications (Financial & Human Resources)

- ADS (Applicant Data System)
 - Applicant Management, Job Announcements, Job Application

- CPPS (Colorado Payroll Personnel System)
 - HR, Payroll, Position Control
- KRONOS (Timekeeping & Leave Tracking System)
 - Users are CDLE, DPA, CDPHE, DNR, and Secretary of State
 - Extracts imported into the State payroll system (CPPS) and COFRS
- COFRS (Colorado Financial Reporting System)
 - General Ledger, Budget, Purchasing, Expenditures, Inventory, Labor Distribution, Cash, Fixed Assets, Grants, Vendor Offset
- HRDW (Human Resources Data Warehouse)
 - Online reporting for current & historical human resources and payroll information
- FDW (Financial Data Warehouse)
 - Online reporting for financial information
- Customer Support
 - COFRS Helpdesk, Central Payroll, HR Support

DPA Applications

- BIDS - (Bid Information Distribution System) - State Purchasing Office
- BILLING - (Statewide Internal Billing Systems) - Division of Central Services
- CARS - (Colorado Automotive Reporting Systems) - State Fleet Management
- Caseware 20/20 - Case tracking system for the Colorado Employee Assistance Program
- CUBS - Collections System for the Division of Finance and Procurement
- Legal Files - Case tracking system for the Office of Administrative Courts

Hosting Services

- Mainframe Hosting
- Open Systems
- E-mail Hosting, which includes:
 - E-mail server platform and configuration management
 - Personal folder, calendar, task, and contact functionality
 - Remote e-mail and handheld access
 - Routine mailbox maintenance
 - Backup and restoration
 - Antivirus/SPAM filtering

Managed Desktop/Desktop Support

- Centralized security administration
- Centralized desktop administration

- Server management
- User training
- Consulting/purchase
- Surplus of old equipment

Communications and Network Services

- Public Safety Network/Digital Trunked Radio System (DTRS)
 - Provides a statewide standards based interoperable radio system for public safety agencies and first responders
 - Users include State of Colorado, Local Governments, Federal Agencies, and Tribal Agencies
 - Over 50,000 subscriber radios on the entire network, serving 700+ agencies and ~200 transmitter sites
 - Remote monitoring of the system infrastructure and DTR network
 - Daily radio programming, failure repairs, preventative maintenance, user training
 - Site development engineering
- Data Network (MNT)
 - Provides affordable, quality, high speed broadband data communications and Internet access statewide to:
 - Colorado State Agencies, Schools, Libraries, City and County Government, Health Care Providers, Institutions of Higher Education
 - 24 x 7 network monitoring
 - Order processing and service/repair calls
 - Dual 120Mbit Connections to the Internet
 - Fully redundant connections to the e-FOR3T Disaster Recovery Center
 - Core network availability = 99.9%
- Voice / Telephone –
 - Provides the planning, provisioning, installation, administration and maintenance for telephony systems and voice applications supporting over several thousand State staff in more than two dozen locations. Services include:
 - Legacy telephones and voice mail
 - VoIP Systems
 - Cell phones and Blackberries
 - Interactive Voice Response systems
 - Call center applications
 - Order entry & billing processes

- Maintain inventory records and monthly cost recovery billing to supported agencies

Data Center/Co-Location (GGCC)

- 24 x 7, 9,075 square feet enterprise class environment includes:
 - Raised floor
 - HVAC
 - Several high-capacity air conditioning units (CRAC) and three humidifiers
 - 2 fail over power sources
 - Second power feed
 - Generator
 - 6 PDUs (power distribution units) and 2 extensions (slave units)
 - UPS (Uninterruptible Power Supply)
 - Services provided include:
 - Service center calls, Printing, Tape management, Monitoring – “remote eyes & hands”, Mainframe, Provisioning for housed servers, Facilities management
 - OIT now responsible for operation and management of E-Fort enterprise disaster recovery facility

Please refer to the descriptions below for further detail on the specific programs which support the delivery of the above-referenced services.

Communication Services is the information network backbone for the statewide communications network, providing both wired and wireless services that include voice, video, and data. Communications Services provides special project design, project management, implementation, equipment installation and routine equipment maintenance to all State departments. It supports many products and technologies, including radio frequency products that require Federal Communications Commission licensing and statewide infrastructures such as the Digital Trunked Radio System (the primary purpose of which is to carry public safety two-way voice traffic for the Colorado State Patrol, Departments of Corrections, Transportation, Natural Resources and local public safety agencies), the State of Colorado Microwave Network, radio communication sites and towers. It is statutorily required to manage all of the State of Colorado radio spectrum needs and coordinate those with State, federal and local government agencies and institutions.

Network Services plans, coordinates, integrates, and provides telecommunication capabilities and network solutions that satisfy the business needs of State agencies, local government entities, and Colorado citizens. This work unit provides much of the voice communication services for State agencies, including management and administration of the long distance contract that is utilized by all branches of State government in Colorado. Further, Network Services provides voice and data communication infrastructure including the Multi-use Network (MNT), frame relay and asynchronous transfer mode services. For reference, the MNT is a high-speed fiber-optic network for the State of Colorado. Qwest was the partner selected to build the MNT with the State serving as anchor tenant. Through the MNT, the State consolidated Colorado State government agency telecommunication requirements from its multiple networks into a single network to reduce administrative and maintenance costs to the taxpayers. As anchor tenant, the State’s investment leveraged the development of the telecommunications infrastructure and expanded delivery of advanced services to all geographic regions of Colorado, including:

- T1 connectivity to State agencies
- Local government and non-profit MNT T1 service primarily for connecting schools and libraries to Internet service providers
- Management of WAN routers
- Management of service requests, line setup, problem calls, maintenance and repairs
- WAN Network design, monitoring, capacity planning, troubleshooting, contract management and billing ; and
- Option of router sharing for access to the network

Finally, Network Services supports the development and implementation of the Colorado Integrated Communications Network, a next generation Voice over Internet Protocol (VoIP) solution that is architected to transition existing legacy systems and provide for a more dynamic platform in future years.

Computing Services is responsible for management and delivery of computing infrastructure to participating customer agencies through the operation of the State's central data center facilities. The computing infrastructure includes database, application and web servers for several departments, as well as the State's general mainframe computer and multiple storage media resources used in support of both mainframe and server environments. OIT manages the operating system, transaction processing scheduling and systems management software associated with these resources, provides operational and technical support and is responsible for the maintenance and operation of the data center on a 24x7x365 basis.

Computing Services also offers enterprise level server housing and hosting capabilities, including a complete server environment that is conditioned with uninterruptible power and full climate control. There are several hundred housed or hosted servers residing in the data center on its enterprise IBM mainframe or its distributed systems with approximately 200 virtual server instances. OIT offers server database systems with multiple environment levels, including production, test, and development. Server security is addressed through layered firewall and intrusion detection architecture that serves multiple servers rather than supporting a unique architecture for each. Computing Services also provides Microsoft Exchange platform e-mail hosting services for State agency customers and the hardware, software and IT staff necessary to maintain e-mail services. This offering provides a secure, robust, high availability online e-mail service.

The **Technology Management Unit** manages statewide systems and applications used in support of core business functions in Colorado State government agencies. This unit provides application development and ongoing software support for statewide applications, including the Colorado Financial Reporting System (COFRS), multiple statewide personnel, payroll and benefits systems, and the Financial Data Warehouse. Supporting these applications encompasses the entire application development and maintenance cycle including project management, requirements management, systems analysis and design, programming, implementation, enhancement, and system documentation to financial management and human resources personnel in all State agencies.

Additional support functions are delivered via **Order Billing and Customer Services** sections. Order Billing staff process requests for voice, video, and data services for State and local government entities including, but not limited to providing business functions for service requests ranging from the purchase of State cell phones to the purchase of circuits and routers for State operations and are responsible for the collection of user charges for telecommunication services provided by OIT. Staff provides the accounts payable and receivable functions for all activities associated with the management of the Telecommunications Revolving Fund. The Customer Services section functions as an advocate for OIT's network and computing services customers and its purpose is to ensure the

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Department Description

smooth delivery of information services to the customer in a timely manner. The service center provides customers with 24 hours a day, 7 days per week availability as the central point of contact for services offered by OIT and also provides mainframe operations support, job scheduling and monitoring.

Beginning in FY 2010-11 the **Colorado Benefits Management System (CBMS)** was transferred budgetarily to OIT and OIT now maintains responsibility for technological and financial oversight of this key state program, in collaboration with its Executive Branch partner agencies, the Departments of Health Care Policy and Financing and Human Services. Note however that program responsibility and policy making authority still reside with the Departments of Health Care Policy and Financing and Human Services. This new organizational and budgetary structure is intended to leverage OIT's enterprise level technology management capabilities to generate additional efficiencies now that CBMS and its associated service delivery has transitioned beyond initial stages of post implementation.

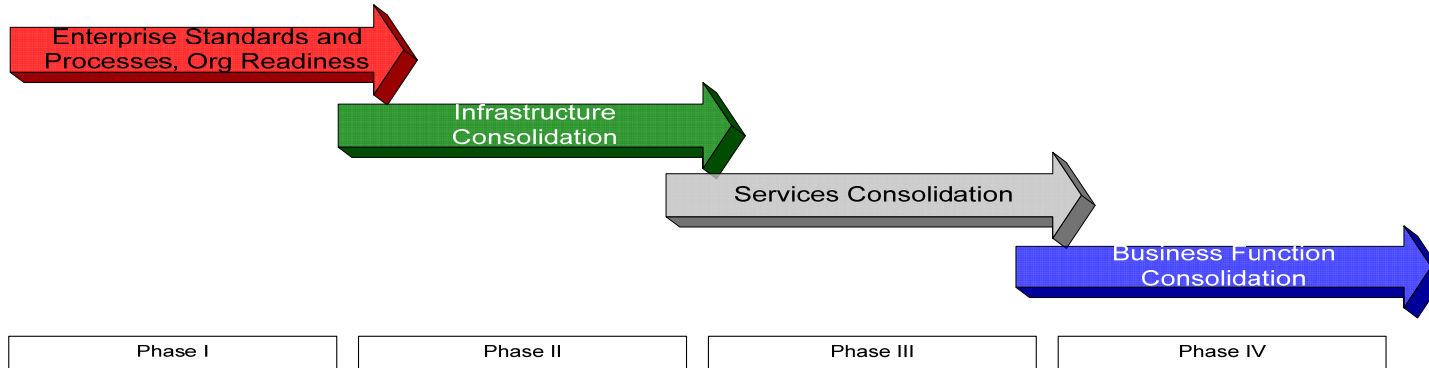
Office of Information Technologies Hot Issues/Key Initiatives

The **Colorado Consolidation Plan** continues to make great strides toward overcoming issues and obstacles that resulted from the previous decentralized technology environment by strengthening the OIT's ability to:

- oversee IT budgeting statewide;
- formulate policies on statewide contract agreements;
- develop a single, statewide IT strategic plan;
- prioritize initiatives and projects across State agencies;
- assist State agencies in large-scale projects deemed to be at risk; and
- participate in strategic decisions related to IT initiatives, projects and programs.

These actions enable State departments to focus on their core mission operations, to ensure IT projects are managed strategically and with adequate funding and support, and to leverage the State's current and future IT investments in a shared service model. The IT consolidation framework is built around four distinct phases as summarized below, and although FY 2011-12 is identified as the "final phase" the consolidation of IT in Colorado state government will be an ongoing and dynamic initiative.

- Phase I (FY 2008-09) – Enterprise standards & processes, organizational readiness, & service provisioning strategy
- Phase II (FY 2009-10) – Infrastructure consolidation
- Phase III (FY 2010-11) – Services consolidation
- Phase IV (FY 2011-12) – Business function consolidation



The **Colorado Integrated Communications Network (CICN)** is a Voice-over-Internet Protocol (VoIP) solution to replace legacy voice system and applications. This project impacts current OIT customers at all supported sites, but other agencies may participate. The immediate benefits include convergence of voice and data LANs for ease of administration, and the opportunity to leverage existing State MNT/WAN connectivity. Additional future benefits/opportunities include the potential for a unified communications platform and a comprehensive video conferencing infrastructure solution. Implementation was completed in May 2010. In addition to providing telephone services (dial tone, voice mail, etc.), this solution allows for business continuity and disaster recovery. Other benefits include:

- Automated call routing
- Unified messaging (integration of voice mail, email and fax)
- Creation of a statewide voice portal
- Future applications include interoperability with other communication systems, statewide 10-digit dial plan and State voice portal.

The ultimate objective of a successful **Data Center Consolidation** strategy is to consolidate into a condensed physical footprint with adequate staffing to provide a secure and trusted environment for the State's data and business systems. Departments continue to expand and support independent data centers which contain critical data in environments that lack proper security, cooling, power, fire suppression and failover support systems. Additionally, each center requires human capital to operate and maintain. This places the State's critical data and business services at risk, resulting in additional costs for the State taxpayer.

This project will define the vision and direction, and then initiate the planning and execution to implement a consolidation of State data centers, their staff and financial activities. It will result in a consolidation of all data center activities under one management structure over a limited number of physical locations. The goals of this project include a more secure and resilient environment; achievement of cost avoidance in the areas of security, networking, equipment, software licensing, maintenance, and physical location; and operational (staffing) efficiencies that can be used to increase our capabilities statewide. This project will be comprised of multiple phases, consolidating real estate, facility components, support staff, and financial activities.

* * * * *

Enterprise-level Disaster recovery capability is critical for IT applications and State government data. It is key that State agencies maintain effective disaster recovery programs and OIT is focused on playing a leadership role to address this issue. Maintaining a robust disaster recovery plan for all State data centers remains an ongoing priority.

The Enterprise Facility for Operational Recovery Readiness Response & Transition (e-FOR³T) initiative establishes a statewide disaster recovery facility for use by State agencies and government entities. The facility is operated under the provisions of a cooperative agreement between the Colorado Secretary of State's Office and participating agencies. The facility will allow agencies to recover critical functionality in the event of a disaster or an event resulting in a significant interruption of service.

* * * * *

The **Enterprise Portfolio Project Management Office (EPPMO)** was created in August 2009 to address concerns related to management of IT projects throughout the Executive Branch, to support agencies and other key stakeholders, and to further complement OIT's Executive Governance Committee. The State of Colorado has a significant investment in IT resources which presents opportunities for continuous improvement in the way services are delivered to citizens. To improve the chances of successfully delivering those services more effectively, the EPPMO established the following goals to initiate the vision for the Office:

- Provide an enterprise view of all OIT projects to ensure alignment to the State's strategic initiatives;
- Facilitate cross-departmental information sharing and understanding of work-in-progress;
- Provide consistent monitoring and reporting of OIT initiatives;
- Provide Colorado with a uniform approach to managing projects; and
- Promote project management best practices and improve skills through training and coaching.

* * * * *

Executive Governance Committees (EGCs) were established to assist OIT with oversight and governance of certified IT projects. The Commission on Information Management previously presided over the State's IT projects, but was dissolved pursuant to SB 07-254. The EGC model was implemented to improve cross-departmental collaboration and to better manage the existing project portfolio. The EGCs serve as advisory boards for making recommendations to OIT regarding changes with project funding, scheduling, release plans, staffing, and other issues which could impact a project. There are seven EGCs providing oversight for logically-grouped departments. They are as follows:

- Agriculture and Natural Resources EGC (Departments of Agriculture and Natural Resources)
- Education EGC (Department of Education, Institutions of Higher Education, and Historical Society)
- Finance EGC (Departments of Revenue, Regulatory Agencies, State, Local Affairs, Treasury, and Office of the State Controller)
- Health Care and Human Services EGC (Departments of Human Services, Health Care Policy & Financing, and Public Health & Environment)
- Personnel and Labor EGC (Departments of Personnel & Administration and Labor & Employment)
- Public Safety EGC (Departments of Corrections, Public Safety, Military & Veterans Affairs, and Local Affairs)
- Transportation EGC (Departments of Transportation, Personnel & Administration, and Revenue)

The mission of the Executive Governance Committees is to:

- Bring together business and IT professionals from similar departments to advise and collaborate for the benefit of improving project delivery;
- Provide an escalation point for project steering committees;
- Help facilitate the necessary assets and resources to assist projects;
- Ensure the comprehensive enterprise strategy is being leveraged for major IT projects;
- Help recognize and award high performers on IT projects; and
- Identify what is working with the projects and extend that knowledge to the enterprise.

* * * * *

Since 2007, the Governor's Office of Information Technology (OIT) has produced a ground-breaking and progressive agenda for **data sharing and information technology management** in the State of Colorado. It is recognized by both the Governor and the Colorado General Assembly that in order to more effectively serve citizens, improve the efficiency and effectiveness of state government, and to inform policy making, a strong program of information sharing is required across all lines of business the state serves.

OIT's focus on agile application and service delivery means that strong concentration and emphasis on the underlying data required for employees, agencies, legislators, and others to do their work *must* be a top priority. The "businessization" of government requires a disciplined approach to dismantling data silos, implementing infrastructure to enable sharing across agencies, branches, and levels of government, and tools to build capacity for knowledge and performance management.

Specifically, a progressive data management strategy can provide the following benefits across the enterprise:

- *Education* - Ensures that a seamless education system from pre-school to graduate school is preparing our young people for the demands of the 21st Century by linking records over time (PreK-20), analyzing performance, and studying educational effectiveness.
- *Social Services* –Creates means to capture data once – regardless of point of entry into the state system - about a child, youth or family, and use that data across multiple state service programs to directly certify them for supplemental or additional services based on child or family eligibility. This program has a twofold benefit: ensuring that all children and families receive the benefits that they may not otherwise have applied for, and reducing fraudulent claims against the system by comparing the records.
- *eGovernment Services* – Provides single-sign on for citizens and businesses to have access to all of their current state account information (driver information, vehicle registration, tax information, benefits, etc.) through one portal. Digital signature services would be available to complete transactions electronically, end-to-end, with the state. The state would also be able to provide services such as address change that get completed once and shared with all agencies with which the individual does business.
- *Workforce and Economic Development* – Creates strategic, targeted and systemic responses to economic conditions and labor market changes. Information sharing can help support the development of timely, accurate information to identify key industries, examine the state of regional economies, explore the root causes of skills gaps, and promote strategic planning that addresses the needs of workers and employers alike.
- *Law Enforcement* – Improves state and community security and safety postures. All major reviews of the nation’s response to the terrorist attacks of 9/11 maintain that integrated information technology and improved information sharing across agencies at all levels of government are vital to an effective homeland security strategy.
- *Policy Making* - Helps lawmakers and policy makers answer questions and predict program results to help ensure the best use of limited State resources and effectiveness of State programs

Program Highlights

- 8 CCR 1501-07 went into effect on January 31, 2010 to formally create the Office of Enterprise Architecture and Data Management Program, and to outline authority and responsibilities therein.
- OIT created the first national state chief data officer position in 2009 to highlight the importance of data and strong data management to transforming state government service delivery.
- The Government Data Advisory Board had its kick-off meeting on August 21, 2009.
- OIT published the “Colorado Data Strategy” in January 2010 and “Guidelines for Information Sharing” in June 2010.
- OIT’s Data Management program was cited in Public CIO magazine’s, “A Single View: Colorado’s Chief Data Officer leads a data sharing strategy that officials hope will result in better government”, Public CIO magazine, June/July 2010, <http://www.govtech.com/pcio/765239>

- Began the state’s first-ever effort at developing enterprise data models, enterprise architecture, and enterprise standards, policies, and processes in 2009. This work continues today.

Moving the state to an enhanced data management future based on shared integrated data will improve the speed and quality of decision making and delivery of services to the state’s constituents while reducing the duplicative cost associated with non-integrated systems.

The Government Data Advisory Board (GDAB), seated in August 2009, is a multi-agency central governance authority, comprised of representatives of 12 state agencies, local governments, non-governmental organizations and research institutes, and a wide variety of education stakeholders. The GDAB's mission is to provide guidance and recommendations on how the state should govern and manage data and data management systems to improve the efficiency and effectiveness of state government, citizen service delivery and policy-making. The GDAB is one of the very few such Boards in any state in the country, established in legislation and appointed by the Governor, to provide the central governing structure for enterprise data sharing initiatives. Additionally, a Data Steward Action Council (DSAC) is being established to formalize and organize the stewardship activities and processes enterprise-wide based on information subject areas. The DSAC will also create a common baseline of information: a statewide foundation for data sharing, information discovery, and future architectures.

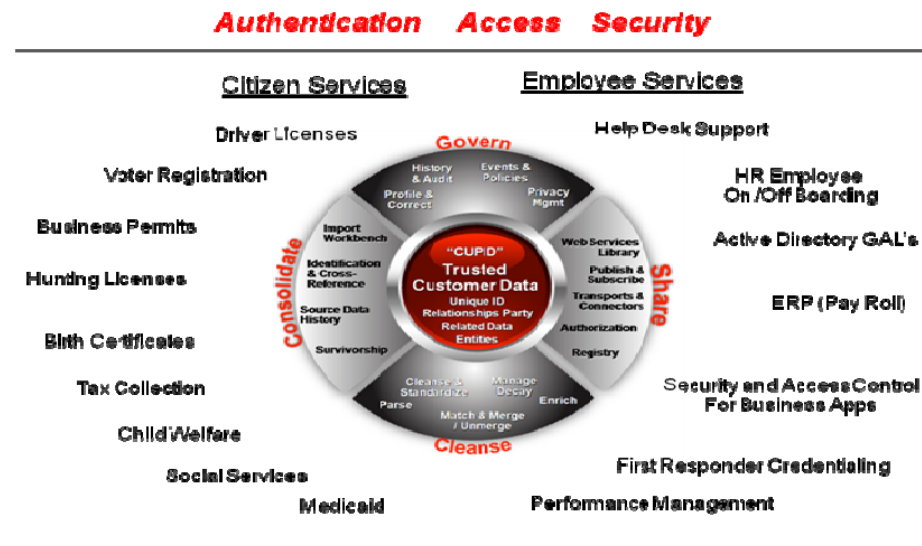
The GDAB has three subcommittees:

- Education Data Subcommittee - The Education Data Subcommittee was created through HB 09-1285 as a subcommittee of the Government Data Advisory Board. Its primary mission is to provide recommendations for the creation of a statewide comprehensive P-20 education data system.
- Early Childhood Universal Application Subcommittee - House Bill 10-1028 establishes an Early Childhood Universal Application Subcommittee of the Government Data Advisory Council to study and make recommendations around the feasibility of creating a universal application for a variety of state programs focused on children birth to age eight.
- Privacy Subcommittee - The GDAB Privacy Subcommittee is tasked to produce a set of privacy policy and procedural documents that will help guide and enable information sharing efforts, while protecting the privacy and confidentiality of citizen information.

OIT promotes **Identity and Access Management (IdM and IAM)** as key initiatives within State government. The state has just finished a study and has developed the architecture for a Colorado unique identifier. The concept for this “Identity as Service” strategy is to leverage a unique master ID for each citizen to be able to integrate information from multiple state and local agencies. This will support data sharing and interoperability between agencies, build a

governance framework ensuring quality and integrity of statewide identities, link identifiers between siloed or disparate systems, enable Colorado to track and examine performance of state services over time, promote Interstate data sharing efforts, protect privacy, and, improve access management and security.

The ability to have a master ID – Colorado Unique Personal Identifier (CUPID) - mapped to Agency specific IDs, serves as the basis for providing services across agencies, sharing data across agencies (state and local), and enables longitudinal analysis across all agencies and the entire lifecycle of a person (e.g., cradle to grave). Coupled with business intelligence reporting tools, the state can conduct analysis on the correlations between programs conducted by different agencies.



With this concept, we recognize that a person only has one identity, but can have multiple attributes and privileges (e.g., driver, voter, receiver of benefits, employee, first responder, patient) assigned to her or him. The assigning of attributes assigned will remain with the agencies and programs that are serving individuals.

Finally, identity verification and fraud management tools will be provided through the CUPID services. These services can help agencies address such questions as:

- Is this identity a valid identity (e.g., is this Social Security Number valid? is this SSN/Date of Birth combination valid?)
- Does this identity belong to the person claiming the identity? (e.g., is someone else claiming that Social Security Number? Is this identity deceased?)

- Is the address a legitimate address? (e.g., is this a residential address or a business address? Does this address really exist?)

Over the last several years, the state has worked with local and federal government agencies to implement and operate the Statewide **Digital Trunked Radio System (DTRS)** for the benefit State of Colorado. To date the State has approved and invested more than \$100 million in construction, operations and maintenance, leveraged various federal grants totaling ~\$19.5 million, homeland security grants in excess of \$50 million and another \$30 million+ in DOLA provided CWIN grants were allocated to local government partners for the development and implementation of this statewide public safety communication system as defined in HB 98-1068. OIT is now statutorily charged (Section 24-37.5-506, C.R.S.) with the implementation, administration, and ongoing maintenance of this system for all State and local government entities.

DTRS is an exceptional representation of successful partnerships between all levels of government using advanced technologies to achieve a singular goal: effective interoperable public safety communications. Due to its expansive growth, it now faces considerable challenges with regard to sustainable funding to support daily operations, increase in technology based capacity to support user's needs, and the replacement of aging equipment.

The DTRS is a continuation program envisioned in the early 1990's and begun in 1998 to replace multiple disparate wireless communications systems operated by State and local government agencies. DTRS is being planned and constructed through partnerships between State, local, regional, tribal and federal government agencies. It replaces these disparate and obsolete radio systems and is available to all public safety, public service and other governmental agencies. Agencies may choose to use DTRS as their primary radio system or for interoperability only.

DTRS provides a near seamless statewide wireless system that enables direct communications between agencies that absolutely must communicate during times of emergency (i.e., fire, flood, natural disasters, etc.). DTRS supports wireless voice and in the future data communications on a single integrated system based upon the Project 25 (P25) suite of open standards. The main deliverables of DTRS are improved communications for all participating agencies with significant improvement in interoperability between agencies. The DTRS meets the highest level of interoperability for Technology on the SAFECOM Interoperability Continuum. DTRS has received funding through the "Public Safety Trust Fund "created by HB98-1068 and more recently through Homeland Security, Colorado Wireless Interoperability Network (CWIN), Energy and Mineral Impact, Public Safety Interoperable Communications (PSIC) and other Federal Grants.

DTRS provides mobile radio coverage to approximately 93%-95% of State roadways, utilizing frequencies in both the 700 MHz and 800 MHz bands. There are over 54,000 subscriber radios operating on DTRS, representing approximately 990 local, regional, tribal, State and federal agencies. These users represent approximately 1/3 State, 2/3 local, regional, tribal and Federal government agencies. In 2009, the system averaged over 8,500 hours of talk time each month and handled over 77 million calls. The System has an additional ~8 sites planned and funded for implementation in 2010 and 2011 to provide additional coverage.

The DTRS rides on a microwave backbone which provides connectivity between 197 communications sites, 4 zone controllers and 60+ dispatch centers. DTRS is dependent upon the microwave backbone which originally was wholly built, owned, operated and maintained by the State to support the various

communications systems prior to deployment of DTRS. This original microwave backbone of 115 hops was upgraded from an analog to a digital system in the early 1990's, and currently includes approximately 195 microwave hops operated by the State and numerous local and federal entities. It now has reached its end of life and needs to be replaced to meet the additional capacity and redundant reliability requirements necessary to support DTRS' critical mission. Due to the age of the tower infrastructure, additional funds will be required to ensure the integrity of the towers as well. Rough order of magnitude of costs for microwave and tower upgrades is estimated to be \$20 - \$30 million. Additional upgrades will be required as the Federal Communications Commission (FCC) mandates narrow banding requirements and technology advances.

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Early last fiscal year, OIT worked with other agencies in State government to implement the **Transparency On-Line Project (TOP)**. The TOP system was implemented as a multi-agency effort that extended across government branches, and with OIT providing technological development and leadership, the project was implemented last fiscal year, months ahead of mandated timelines. It is intended to reduce the time and cost associated with open records requests and to maximize convenience for state citizens in accessing state financial information. Any information that is not available in the TOP system remains available to the public in accordance with the Colorado Open Records Act.

The subject of a Colorado searchable database of state financial information was first broached by Representative Don Marostica in the 2007 legislative session with House Bill 07-1164. While that bill was not enacted, Representative Marostica worked with other state elected officials to support the Governor's 2009 Executive Order establishing the TOP system. On April 2, 2009, Governor Bill Ritter issued Executive Order D 007 09 Establishing the Transparency Online Project (TOP). The Executive Order was supported by elected officials Treasurer Cary Kennedy, Secretary of State Bernie Buescher, and Attorney General John Suthers, as well as representatives from the Judicial and Executive Branches of Government. In the 2009 legislative session, the Legislature enacted and the Governor signed House Bill 09-1288, which aligns with the Executive Order. The Order stated the following:

"Transparency and accountability to state citizens is a hallmark of good government. The Open Meetings Act and the Colorado Open Records Act provide Colorado's citizens with a strong expectation of accountability by providing open access to the state's public records and meetings. The advent of the internet provides new opportunities for state government to foster transparency and accountability."

Office of Information Technology Key Workload Indicators

Workload Indicators (Computing Services)	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual
Average Monthly Number of Transactions (in millions) Executed in the Mainframe Environment	79.4	83.6	85.0	86.6
Number of Open Systems Servers Supported	300	346	391	483
Percent of MNT Network Availability	99.98%	99.97%	99.975%	99.985%
# of MNT Network Data Circuits Managed	2,843	3,000	3,550	4,230
# of State Agency Phone Lines Managed	7,862	8,000	8,183	7,583
# of Voice Mail Boxes supported	4,813	5,026	5,792	5,439
Number of DTR Towers, Zone Controllers & Radios	Towers 143 Zones 3 Radios 29,000	Towers 156 Zones 3 Radios 32,200+	Towers 196 Zones 4 Radios 52,000	Towers 197 Zones 4 Radios 54,000
Number of bytes of enterprise disk managed by GGCC	14 TB	14.5 TB	16.5 TB	17.5 TB
Disaster Recovery - % of Applications attempted/successfully tested	83	95	92	95
Financial Data Warehouse (FDW) average report response time (in seconds)	9.79	4.66	4.82	4.61
Financial Data Warehouse (FDW) average # of monthly report requests	52,216	63,645	63,879	64,058

Workload Indicators (Computing Services)	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual
Financial Data Warehouse (FDW) average # of unique user ID's	893	877	915	930
Statewide Mainframe Processing Utilization (in 1000's)	71,689,135	79,412,123	92,491,603	103,988,505
ADABAS Utilization (in 1000's)	116,573,681	118,917,443	130,492,517	131,433,876

Key Legislation from 2008 & 2009 Legislative Sessions:

SB 10-032 –Amendment to Existing IT Contracts– Primary Sponsors: Representative Tapia & Representative Lambert

Enables OIT to negotiate amendments to existing contracts that would facilitate technology standardization across the enterprise, allow for greater coordination, and lower IT costs across state agencies through volume discount pricing and economies of scale.

SB 10-148 –Transfer of Enterprise Facility to OIT – Primary Sponsors: Joint Budget Committee

Transferred the State's disaster recovery facility from the Secretary of State to OIT and provided a four-year transition for the funding.

SB 10-1119 –SMART Government Act– Primary Sponsors: Representatives Ferrandino & Schaffer

Legislation includes requirement for OIT to conduct a feasibility study to determine the cost to build an electronic budgeting system for the state is underway.

HB 09-1285 – Government Data Sharing – Primary Sponsors: Representative Benefield, Senator K. King

The bill replaces the data protocol development council with the government data advisory board. States the advisory board's duties, including recommending to the State CIO rules for requesting data, responding to data requests, and imposing fees for responding to data requests. Creates the education data subcommittee of the advisory board. This bill is a follow-up to HB 08-1364 from the previous legislative session.

HB 09-1367 – Pay Date Shift for Employee Transfers of OIT – Primary Sponsors: Representative Marostica, Senator Keller

This legislation was intended to mitigate unintended consequences of the pay date shift legislation (SB 03-197) from several legislative sessions ago. Pursuant to SB 08-155, OIT was provided statutory authority to consolidate IT staff from Executive Branch agencies within OIT to promote operational efficiencies and savings. As a result of this statutorily authorized staff transfer there will be a significant (~ \$3.2 million) one-time General Fund impact related to the SB 03-197 pay-date shift unless a temporary method to avoid these costs is utilized. The key statutory provision of this legislation is to delay any one-time General Fund impact that could result from the transition to a shared services model for IT until such time as sufficient. State General fund surplus exists to address the one-time impact without detrimental impact to either State agencies and their missions or the objectives of both OIT and the General Assembly pursuant to SB 08-155.

SB 09-162 – Broadband Inventory to Accept Public Funds – Primary Sponsors: Senator Schwartz, Representative Liston

This is a clean-up bill related to SB 08-215 that was necessary to allow OIT to begin the broadband mapping effort. The Bill amends statute adopted in 2008 for the creation of an inventory of broadband service areas within the State by removing an existing limitation to the acceptance of private gifts, grants, and donations to help finance the creation of the inventory and extending the deadline for completion of the inventory. Specifically, the bill allows the OIT to accept grants from public entities, where current law limits acceptance to grants from private entities, and the deadline for completing the inventory is extended from April 1, 2009, to November 1, 2009.

HB 09-1288 – Colorado Taxpayer Transparency Act – Primary Sponsors: Representative Nikkel, Senator Kopp

The bill requires the Chief Information Officer of OIT to create and maintain a searchable budget database web site, which shall include revenue and expenditure data from the State financial data warehouse.

SB08-155 – Information Technology Consolidation – Primary Sponsors: Senator Cadman, Representative A. Kerr

The bill consolidates the responsibility for IT oversight of most of the State's executive branch in the Governor's Office of Information Technology. It does not affect the legislative or judicial branches, or the departments of Law, State, or the Treasury. Specifically, the bill transfers several IT functions and staff positions from various State agencies to OIT on July 1, 2008. The largest single agency transfer involves moving most of the Division of Information Technologies from the Department of Personnel and Administration. These portions include the General Government Computer Center (GGCC), telecommunications coordination, and statewide IT management and support functions. The Bill also makes the chief information officer of each State agency subject to supervision by the director of OIT instead of the agency's executive director, although any official transferred in this way would maintain his or her duties or responsibilities related to the IT resources of the agency. Before July 1, 2012, the Bill also transfers to OIT the oversight of other IT employees across several State agencies.

SB08-215 – OIT Broadband Map – Primary Sponsors: Senator Schwartz, Representative Riesberg

This Bill directs the State Chief Information Officer within OIT to create an inventory of broadband service areas within Colorado that includes the following:

- an illustrative map showing wired, wireless, and satellite-based broadband services;
- the potential use of enterprise zones to develop rural broadband service;
- the need for additional transmission infrastructure; and
- demographic information such as population density and average household income levels for existing and potential broadband customers.

OIT must complete the inventory by April 1, 2009, submit a report to the legislature, and publish the inventory on a publicly available website. In developing the inventory, OIT must consult with the Public Utilities Commission (PUC), the Governor's Innovation Council, and other public and private entities. It must also hold at least four public meetings, consider comments submitted from the public, and employ private contractors. The Bill declares the intent of the General Assembly to have OIT seek gifts, grants, and donations to cover its costs, but if sufficient monies are not received by September 1, 2008, OIT may use up to \$100,000 from the high cost support mechanism, which is administered through the PUC. All funds would be credited to the Broadband Inventory Fund.

HB08-1364 – Interdepartmental Data Protocol – Primary Sponsors: Representatives Benefield & Massey, Senator Windels

This Bill requires that on or before September 1, 2008, the State Chief Information Officer (CIO) convene representatives from each executive State agency to form the Data Protocol Development Council. The CIO, working with the council, shall design and implement a comprehensive data management system across State government. The system, named the Interdepartmental Data Protocol (IDP), shall contain procedures for:

- collecting, storing, and retrieving data;
- sharing data between agencies;
- matching and synchronizing data between agencies;
- releasing data to political subdivisions or non-governmental entities; and
- protecting personal identifying information in shared or released data.

When the IDP is implemented, the Bill authorizes each State agency to share its data. No later than March 1, 2009, the CIO must deliver a report concerning the IDP to the Governor, and to the State, Veterans, and Military Affairs Committee of both houses of the General Assembly.

The Bill creates the Interdepartmental Data Protocol Cash Fund, and permits the CIO to seek and accept gifts, grants, and donations. The office shall not be required to implement the Bill until it has received at least \$113,500 in sponsorship. Monies in the fund are continuously appropriated to OIT for implementation of the Bill. In addition, on or before September 1, 2008, the Commissioner of Education and the Executive Director of the Colorado Department of Human Services (CDHS) shall convene representatives from the Colorado Department of Education (CDE), the CDHS, school districts, and other stakeholders to form a work group. The group shall adopt protocols for the assignment of uniquely identifying student numbers to children in government subsidized preschool or kindergarten programs. Further, the group shall consider methods to assign identifiers to children in non-subsidized preschools. The Commissioner of Education shall report to the CIO the findings of the work group, and the CIO shall incorporate these findings into the IDP report. The State Board of Education and the State Board of Human Services shall promulgate rules based on the adopted protocols.

Governor's Energy Office (GEO)

The GEO's strategic vision is to become a clearinghouse for energy information and services to help Colorado citizens and businesses make wise energy choices. This is accomplished through access to: information, services, and finance. GEO's objectives are to create an energy customer profile that minimizes carbon and other greenhouse emissions while providing high quality and affordable energy services to meet the needs of Colorado citizens. In 2009-10, the program moved to the vast majority of its funding coming from the federal government. The American Recovery and Reinvestment Act (ARRA) provided funding at the same time state budget reductions all but eliminated state funding to the office. Fund transfers from Gaming are not schedule to resume to the Clean Energy Fund until 2011-12. Those funds will then be available for expenditure in the 2012-13 Fiscal Year.

The ARRA funding is currently 87.5% committed (under contract) and will be 100% committed by the end of the 2010 Calendar Year. ARRA funds as of September 2010 are 46% expended. All ARRA funds will be expended before the end of FY 2011-12.

Overview

The GEO has divided tasks into services designed to address distinct resource and customer needs:

1. Residential Services

Residential building emissions account for over 20% of greenhouse gas emissions nationwide. Climate change efforts need to engage the public when attempting to minimize these emissions. GEO foresees these changes happening primarily through changes in the construction of new residential buildings and with retrofits of existing homes with more effective insulation and heating systems combined with increases in appliance efficiency, lighting systems and incentives to increase distributed renewable generation systems such as solar thermal systems (space and water heating), solar photo voltaic (electricity generation) and other technologies. GEO runs a new construction building codes program to help local governments implement energy effective codes' (such as the 2006 and 2009 IECC), training for building professionals. Using ARRA funds in 09-11, GEO will be greatly expanding code training and adding incentive programs for builders and lenders. In 2009, the GEO ENERGY STAR program was awarded the National ENERGY STAR Partner of the Year award. For existing buildings GEO has developed programs to implement on the community level, advanced through the regional representative model working with local utilities, cities, counties and community groups for financial partnership and implementation. ARRA funds will enable GEO to greatly expand the residential program.

2. Low Income Services

While many of the action items within the low income community are consistent with the general residential community, a federal/state and private partnership has been formed to implement these measures through the Low Income Home Energy Assistance Program (LIHEAP – Federal, LEAP – State) The Low Income Home Energy Assistance Program (Federally called LIHEAP, “LEAP” at the State level) provides weatherization (energy efficiency upgrades like insulation in low income housing units) services for low income individuals. This is a federal program funded primarily through the US DOE with a portion coming from the DHS. Xcel Energy participates through the program by contributing to gas demand side management efforts in low income homes within their territory. These funds help to lower energy costs for low income individuals and families and to increase their financial stability while lowering demand on the utility grid and reducing pollution. Federal funds may only be expended on families meeting the federal low income requirements defined as 200% of federal poverty level. This qualification is done through the LEAP office within the DHS. GEO delivers services

through contracts with regional weatherization service providers. In addition to training, oversight and funding of the program, GEO runs a quality control division that audits the performance of these service entities and offers educational resources to improve the quality of the service.

The goals of this program are in line with the overall purpose of GEO while having a parallel objective of helping low-income families achieve financial stability by reducing energy costs.

3. Commercial and Public Sector Services

GEO's Commercial Systems Division uses a market based model to advance energy efficiency and incorporates the savings to advance renewable energy. "Performance contracting," which earmarks a portion of future energy savings to pay the upfront costs of the capital investment, is used to finance large scale investments in efficiency systems. The GEO has contracts with individuals to work with the entities involved as representatives to the energy service companies. This ensures the commercial entity's interests are being represented in negotiations. In 2007, HB 1309 dedicated significant resources over three years, now extended to 2017 by virtue of HB 1312, to conduct performance contracts on all of public K-12 school buildings. These funds will pay in-house performance contracting experts - saving hundreds of thousands of dollars in contracting costs and increasing kWh saved per dollar. Renewable energy systems are also used in the performance contracting process on the front end, through the initial performance contract, or on the back end if the savings exceed the contracted amount. This was the case with the recent solar PV system installation on the Capitol.

4. Utilities and Transmission Programs

The Transmission and Utilities Programs focuses on the 57 different utilities in the state including: investor owned utilities - regulated by the Public Utilities Commission; municipally owned utilities - regulated by city councils; and rural electric cooperatives - regulated by locally elected boards of directors. All these entities are required to deliver affordable, reliable power. Transmission infrastructure and utility policy will drive much of the work of this program. The Climate Action Plan included a parallel goal for utilities of achieving a 20% reduction in carbon emissions below their 2005 levels by 2020.

5. Renewable Energy Program

GEO's Renewable Energy Programs work with local communities and businesses to develop renewable energy opportunities while expanding the infrastructure for renewable energy deployment around the state. Included in strategies associated with Renewable Energy Programs are:

1. Local Fuels/Bio Fuels Programs
 - i. Agricultural Anaerobic Digestion Programs
 - ii. Waste to Fuel Programs
 - iii. Woody Biomass Development

2. Solar Programs
 - i. Commercial/Public
 - ii. Residential
 - iii. Utility
3. Wind Programs
 - i. Residential
 - ii. Community
 - iii. Utility
4. Technologies in Development Programs
 - i. Geothermal
 - ii. Small Hydro

6. Public Information

The public information program includes outreach on programs and grants as well as the management of our public interface through the newly established “Recharge Colorado” campaign and website. At this website, consumers can find a one stop shop for available rebates through federal incentives, state incentives, utility incentives and local incentives as well as the service providers who can assist them. They can also create a “To-Do” list of energy measures so they can keep track of their progress. The Recharge Colorado site has taken the place of the GEO web page as a source for all information regarding the office and our programs.

7. Rebate Program

With the ARRA Funds, GEO launched an integrated rebate program that is fed from the Recharge Colorado web site as well as a call center. As of September 2010, the program had issued over \$8M of rebates. All the funding was from the recovery act with about half coming from the State Energy Efficient Appliance Rebate Program (SEEARP) funding through ARRA and the DOE.

8. Finance Program

The GEO has a significant portion of its ARRA plan in a revolving loan program. This program is administered by a finance manager and contracted primarily through CHFA. The bulk of the program is in the Colorado Credit Reserve Program which works through local lending institutions to provide energy efficiency loans for businesses and the CHFA direct lending program which provides first in funding for capital investments. The Finance program is also administering the SB 07-184 program with the State Treasurer which provides residents with easy low interest financing for energy efficiency improvements.

9. .Greening Government Program

The Greening Government program is an extension of the 2007 “Leading by Example” executive order by the Governor to:

- Reduce energy usage in state buildings by 20%
- Reduce water usage in state facilities by 10%
- Reduce paper usage by 25%
- Reduce the amount of petroleum consumed by the state fleet by 25%

This effort is advanced by a Greening Government Team consisting of a representative from each of the state’s agencies and coordinated by the Greening Government Program Manager within GEO. The Greening Government Program works with the Commercial Buildings program and advances the performance contracting program within state facilities. (In 2009, the Greening Government program was one of two programs chosen in the nation as the best lead-by-example program.)

10. Local Programs

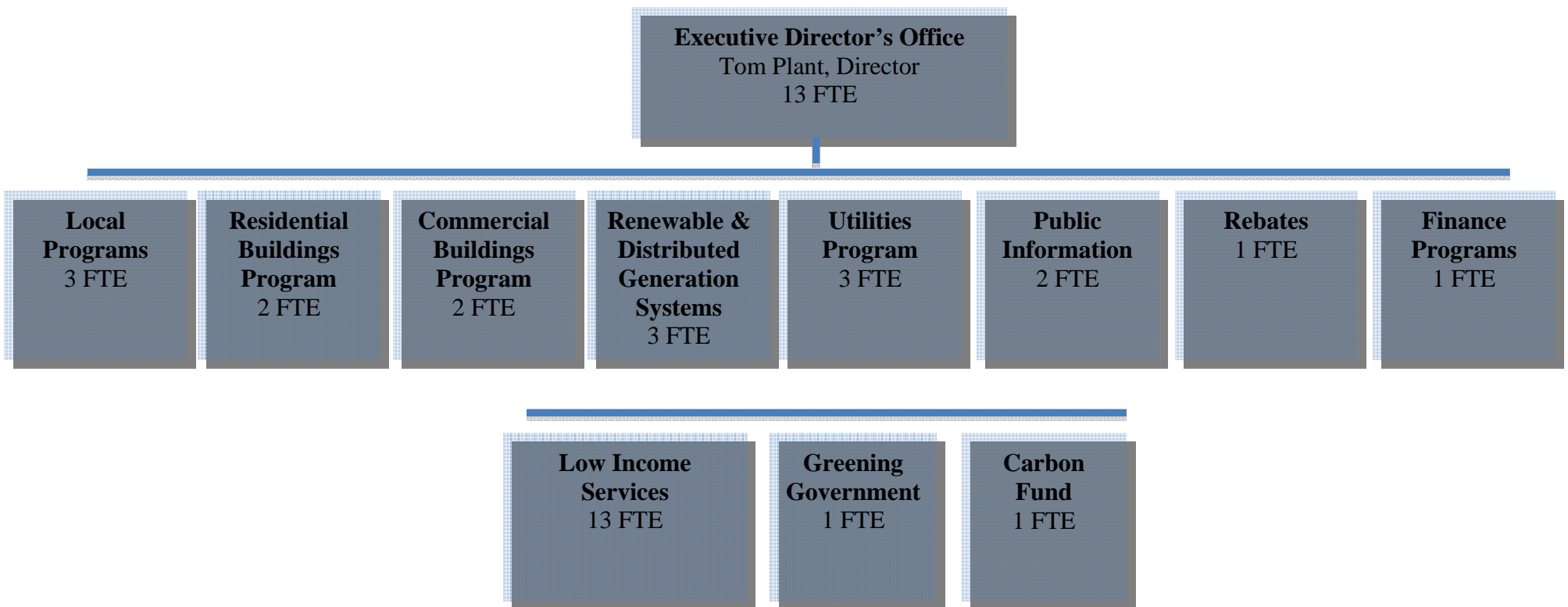
Regional Representatives work with city and county governments, non-profit organizations, community groups and local utilities in their regions to develop partners who assist in implementing programs developed by the program managers. Regional Representatives also monitor, verify and measure the results across the state and report back the results enabling GEO to be more responsive. Colorado has reduced from four regional representatives representing the four quadrants of the state to two regional representatives representing east and west. The local workload of the regional representatives is being shifted to the locally housed Community Energy Coordinators which are serving in 18 regions and communities around the state. These positions are currently ARRA funded and are interfacing with the GEO primarily through their corresponding regional representatives.

11. Colorado Carbon Fund

The Colorado Carbon Fund compliments GEO’s renewable energy and energy conservation programs by providing voluntary offset contributions to a third party. Revenues to the Colorado Carbon Fund will be invested in projects meeting the specifications of the Colorado Carbon Fund manager designed by GEO. The fund is retained outside of state government through a third party fund manager. Voluntary contributions to the fund are not received as state revenues.

Governor's Energy Office
45 FTE

Cash Fund: \$19,422,097 General Fund \$1,000,000 Federal Funds \$12,165,118



Background Information

The Governor's Energy Office (initially called the Office of Energy Conservation and later called the Office of Energy Management and Conservation) was created to respond to the oil crisis of the late 1970's. The program was reduced in the 1980's when oil prices dropped and GEO became essentially a federal pass-through for low income weatherization services (LIHEAP) which continues today.

Petroleum Violation Escrow Funds

From 1973-1981 Federal Oil Price controls were in place. There were alleged violations of these controls and associated litigation ended up directing settlement funds to the states beginning in 1983. These funds were called "Oil-overcharge Funds" or "Petroleum Violation Escrow Funds" (PVE). As escrow funds, they are held by the State Treasurer; any proposed draw from these funds requires a state energy office to apply through the escrow third party for authorization and disbursement.

The funds are primarily held in three different accounts: Texaco, Diamond Shamrock, and Stripper Well. The State of Colorado has received approximately \$46M in direct payment authorization, and \$26M in interest on these funds. Interest is credited to the funds, but is also subject to the provisions of the litigation for disbursement. This has been the primary funding source for the office over the past 25 years outside of federal revenues associated with grants and the low income services managed by the state. Funds have been used for personnel costs and mandated match for federal grant monies. For example, every year, the state requests a State Energy Plan allotment which requires a 20% local match. The PVE funds have been used for these matches as well as matching other federal grant requests throughout the year. The funds have been depleted to approximately \$2.5M – in 2008. The ARRA grants will fund these positions through 2010-11 however; federal support after that time is not known. PVE funds are being retained to address future personnel needs. Depending on the disposition of federal and state funds, there may be significant changes in program offerings at that time.

	Employees		State Funding			Federal Funding										Litigation (PVE)				Xcel*
	FTE	Cont./T emp.	HB 1200	SB 246	HB 1309	Wx - Reg	LEAP	ARRA Wx	State Reach	SEP	DOE Spcl Prjcts - Inds Challenge	ARRA SEP	ARRA EECBG	ARRA SEEARP	ARRA COEAP	SEP Match	Sp. Proj.	Misc Prog	Salary	
FY2004			0	0	0															
FY2005	22	3.5	0	0	0					0.59						0.13	2.4		0.776	
FY2006	22	5.5	4	0	0	5.9	3.8		0.37	0.45						0.27	2.3	0.1	0.782	2.5
FY2007	22	2.5	0.5	0	0	6.5	5.1		0.211	0.38						0.16	3	0.1	0.953	2.5
FY2008	24	1	5	10.5	0.5	5.5	5		0.3	0.7						0.2	1.2	0.1	0.925	2.3
FY2009	35.5		0	4.4	2	14	0	7.9	0	1		4.9				0.1	0	0	0.8	7.8
FY2010	46		0	4.42	2	7.84	0	10.02	0	1.04	0.1	16.17	2.8	0.31	0.31	0	0	1	?	?
FY2011	45	0	0	4.57	2	3.87	0	13.93	0	1.64	0.1	14.59	2.68	0.31	0.31	0	0	1	?	?

Prior Year Legislation

2010 Legislation

[House Bill 10-1001](#)-Colorado's 30% Renewable Energy Standard with 3% Distributed Generation requirement.

[HB10-1267, Property Tax on Independently-owned Residential Solar \(Kerr/Romer\)](#)

Allows third party independently-owned residential solar facilities to be exempt from property tax. SB09-51 brought third party residential solar to Colorado and this bill puts these systems on an even playing field with homeowner owned systems in terms of property taxation.

[HB10-1328, New Energy Jobs Creation Act \(Miklosi/Schwartz\)](#)

Creates a statewide district called the New Energy Improvement District for the purposes of promoting and financing Property

Assessed Clean Energy (PACE) programs. A county must opt-into the District before its residents can participate in the program. This bill attempts to provide scalability with a statewide program that cannot as easily be achieved with a county-by-county approach.

HB10-1342, Solar Gardens

Legislation allowing for aggregated ownership of solar systems and net metering of production based on share of ownership. The legislation opened up the opportunity for those with poor solar access, renters or others to benefit from solar production.

SB10-019, Property Tax on New Hydroelectricity Facilities (Schwartz/Fischer)

Specifies that new small or low-impact hydroelectric energy facilities must be valued for property taxes where the value is based on the projected gross revenue of the facility. This measure will help small hydro development by lowering the upfront cost of installing a new plant.

SB10-177, Promote Biomass Energy Development (Schwartz/Scanlan)

Incentivizes biomass energy development by: specifying how new biomass energy facilities must be valued for property taxes; providing a property tax and specific ownership tax exemption for equipment used in forestry operations beginning in 2013; specifying that biomass facilities qualify as “new clean energy and energy-efficient technologies” when the PUC is considering energy generation acquisitions by electric utilities; and making changes to the renewable energy credit system used by utilities to comply with Colorado’s renewable portfolio standard.

Hot Issues

Amendment 37 and HB 07-1218

In 2004, the voters passed Amendment 37, a Renewable Portfolio Standard. The initiative applied primarily to the state’s investor owned utilities (Xcel Energy – Public Service Company of Colorado; and Aquilla) and included a goal of achieving 10% of retail sales of electricity coming from renewable resources (with 4% of the RPS from solar, evenly split between centralized solar resources and “distributed” or rooftop systems) by 2015. The initiative also included provisions requiring the IOUs to adopt “Net Metering” policies to allow customer generators credit on a kilowatt for kilowatt basis for electricity they delivered back onto the grid from their renewable energy systems and that the utility provide customer rebates for solar generation systems. In 2007, HB

07-1281 doubled the Amendment 37 goals from 10% by 2015 to 20% by 2020 and set a separate standard for rural electric cooperatives and municipal utilities – a goal of 10% by 2020. The IOUs still had the solar carve-out of 4% while the other utilities were given a weighted percentage – if the renewable resources were from solar, they counted for 3x the credit. This was to account for different resources available around the state and the relatively higher cost of solar compared to wind development. The PUC developed rules surrounding Amendment 37 compliance. Significantly, a process regarding purchase of “Renewable Energy Credits” was developed to track compliance with the renewable energy requirements. Because other utilities are not regulated by the PUC, no such compliance standard exists for those utilities. In 2010, HB 1001 again doubled the renewable electricity standard for the Investor Owned Utilities. Importantly, it also removed the 4% solar carve-out and replaced it with a 3% Distributed Generation goal – including all forms of distributed renewable generation. The percentages (4% vs 3%) are based on percentages of different totals. The 4% was a percentage of the renewable standard, the 3% is a percentage of total electric sales.

HB 08-1060 – Net Metering policies were established for the investor owned utilities, but no such policies were in place for utilities in the state not regulated by the PUC. Instead, rural electric cooperatives had a legislated policy of “net billing”. Net billing allows for a credit based on a \$/kWh on a customer’s bill, net metering allows for a kWh credit on the customer’s bill. HB8-1060 established a system of net metering for non-PUC regulated utilities. While the IOUs had a limit of 2MW for net metered systems, the legislation required cooperative and municipal utilities to net meter up to 10kW systems for residences and 25kW for commercial systems. This legislation is a key component for successful residential and small commercial solar integration.

HB 07-1146 – Energy Codes established a baseline energy code of the 2003 IECC (International Energy Conservation Code) for all jurisdictions that had a building code as of July 1, 2007 or added a building code thereafter. There also exists the opportunity for jurisdictions to adopt a later code instead (there is a 2006 IECC and will soon be a 2009 IECC). GEO committed to providing free trainings and materials for code officials around the state and completed delivery of 30 regional trainings in July of 2009.

HB 07-246 – the Clean Energy Fund was established to create a funding source for programs financed through the GEO. The fund comes from the unallocated remainder of Gaming Funds at the end of each fiscal year. In 2007-08, the appropriated amount was \$7M. In 2008-09, *due to declining gaming revenues, that amount dropped to \$4M – a nearly 50% decline in revenues*. These revenues eliminated for 2009-10 & 2010-11.

HB 06-1200 & HB 08-1322 – Low Income Energy Assistance In 2006, the legislature funded Low Income Energy Assistance including an energy efficiency component for the first time. The funding was designed with 50% cash assistance delivered by Human Services and a nonprofit entity – Energy Outreach Colorado. The remaining 50% would go to increase the energy efficiency of homes to permanently reduce bills for low income customers. During the 2009 & 2010 Legislative sessions, the

2009-10& 2010-11 statutory appropriation was eliminated for the Energy Office and the programs funded through that source of revenue were eliminated.

From a solar standpoint, Colorado has led the way with opportunities to reduce the costs associated with solar development first with the passage of HB09-51 , which allowed third party solar developers to own solar systems on residential roofs and lease those systems back to the homeowner. The next legislation to expand opportunities for solar ownership was in the form of HB 10-1342, which created the opportunity for “Solar Gardens” which allow homeowners and businesses to pool together to own a share of a large solar system that would be located off site. For the first time, this brought those customers who don’t have good solar access, or who don’t own their own home to participate in the substantial solar opportunities in the state.

2.7 Workload Indicators

Workload indicators will be primarily driven by population increases and trends in per capita energy usage. However, the ability to meet designated emissions objectives will be linked to the resource mix of power supplying energy to the citizens and businesses of Colorado and their associated emissions levels of climate forcing gases. The GEO will measure outcomes in a variety of ways, however, success of programs will be gauged against the goals and objectives of the Governor’s Climate Action Plan and the Governor’s Greening Government Executive Order, both released in 2007.

- The Climate Action Plan established overall carbon reduction goals of 20% below 2005 levels by 2020 and 80% below 2005 levels by 2050
- Greening Government Goal of 25% reduction in fleet petroleum use by 2012
- Greening Government Goal of 20% reduction in energy use within state buildings by 2012

Climate Action Plan Goals:

	As Modeled	MMTCO₂
2005	48,353 GWh	44.53
2020 Business As Usual	69,008 GWh	63.56
20% Below 2005		35.63
Savings Needed by 2020		27.94
Savings through efficiency		13.97

Governor’s Energy Office Key Workload Indicators

Workload Indicators (Residential Programs)	FY 09 Target	FY 09 Actual	FY 10 Target	FY 10 Actual	FY 11 Target
Percentage of housing starts qualified as ENERGY STAR	10%	19%	25%	33%	*35%
Code Trainings Delivered in the state	30	10	0	13	24
Homes receiving insulation upgrades through “Insulate Colorado” Program or Recharge Colorado rebate program	2,500	1,400	2,000	1867	3000
Workload Indicators (Commercial Programs)	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual	FY11 Target
K-12 Efficiency Upgrades (Number of Districts in Performance Contract or other sustainable energy program)	50	47	60	83	100
Utility Bills Management Systems in Place	45	41	51	50	60
State Buildings Square Footage under Performance Contract	90%	42%	50%	53%	55%
Number of Public Agency Partners in High Performance Building Program	20	20	20	38	20
Number of State-Assisted Facilities Meeting LEED Gold Target	NA	NA	6	0*	12
Number of Zero Energy Public Buildings in Colorado	NA	NA	1	1	1
Number of Attendees at GEO High Performance Building Trainings	NA	NA	240	956	1000
Workload Indicators (Renewables Programs)	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual	FY11 Target

Solar Rebate Program – Residential Photovoltaic	500 kW	541 kW	1,350 kW	*351 kW	1,570 kW
Solar Rebate Program – Solar Residential Thermal Systems	1,000 kWe	953 kWe	1,200 kWe	*32 kWe	275 kWe
Small Commercial Solar Thermal	500 kWe	358 kWe	397 kWe	*6 kWe	27 kWe
Small Commercial Photovoltaic	250 kW	105 kW	300 kW	*190 kW	730 kW
Industrial Efficiency Program - participation by top 100 industrial customers	50%	NA*	1.5 Trillion BTU saved from 10 companies	*NA	1.5 Trillion BTU saved from 10 companies
Number of Stations in Colorado offering bio-fuels	100	103	120	108	112
Gallons of biofuels sold	5.6M Gal	8.3M Gal	9.3M Gal	1.8M GAL	3.0M GAL
Woody Biomass Projects	2	6	10	5	5
Anaerobic Digestion Projects	2	0	1	0	1
Workload Indicators (Carbon Fund)	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual	FY11 Target
Funds Collected for projects	\$1M	\$201,328	\$1M	\$184,576	\$500,000
Tons CO2 Offset through Colorado Projects	50,000	0	50,000	0	23,000*
Percentage community participation in local community partners	1%	12	15	N/A**	N/A**

* Our first offset project will be verified this year and will provide the CCF with 23,000 offsets – enough to cover the past two fiscal years demand for offsets plus some of the offset demand for FY2010. However, the CCF is now looking to fund other projects that will supply enough offsets to cover FY11 demand (if the CCF fund goal of \$500,000 is achieved the CCF will need to purchase approximately 21,300 additional offsets).

** It is unclear whether these community partnerships were or will ever be worthwhile – initial data says that these community partnerships brought in little, if no, revenue. Until these programs are evaluated in further depth no FY2010 goals will be set.

Workload Indicators (Utilities Program)	FY09 Target	FY09 Actual	FY10 Target	FY10 Actual	FY 11 Target
Number of Copies of Renewable Energy Development Infrastructure (REDI) reports distributed – hard copy	NA	NA	1,000	4,000	3,000
Number of transmission workshops organized	NA	NA	4	4	4
Number of Public Utilities Commission key dockets where GEO intervenes	6	4	5	5	7
Number of public utilities participating, or represented, in process to deliver Climate Action Plan report to the Governor	56	15	NA	13	NA
Number of Clean Energy Development Authority meetings staffed by GEO	8	8	7	6	TBD
Number of attendees at the Annual New Energy Economy Conference	1000	550	600	NA	TBD by new Administration
Number of copies distributed of “Cost/Benefits of Distributed Generation for Municipal and Rural Electric Cooperatives”	300		500	0	500
Number of Annual Meetings for Colorado Electric Utilities	1	3	3	3	3
Number of copies distributed of “Connecting Colorado’s Renewable Resources to the Market”	1000	3000	1000	2000	2000

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Number of copies of Colorado Utilities Report	NA	NA	1000	250 9/8/10	750
Number of workshops held for EPA NAPEE	NA	NA	5	0	2
Number of training and workshops held for Colorado Energy Assurance Plan	NA	NA	3	2	6
Colorado Smart Grid Task Force Meetings	NA	NA	2	2	5
Climate Action Plan for Municipal Utilities and Rural Electric Cooperatives	NA	NA	500	0	500