

COLORADO DEPARTMENT OF NATURAL RESOURCES
BUDGET REQUEST - FY 2009 - 2010
TABLE OF CONTENTS

BASE REQUEST SCHEDULES

Line Item Descriptions	SCHEDULES 1 - 68
FY 2009-10 Reconciliation of Department Request	SCHEDULES 60 - 96
Schedule 2: Summary of Request by Long Bill Group	SCHEDULES 97 - 100
Schedule 3, Position Detail, Object Code Detail	
Executive Director's Office	SCHEDULES 101 - 172
Division Reclamation, Mining & Safety	SCHEDULES 173 - 230
Geological Survey	SCHEDULES 231 - 252
Oil and Gas Conservation Commission	SCHEDULES 253 - 278
State Board of Land Commissioners	SCHEDULES 279 - 291
Division of Parks and Outdoor Recreation	SCHEDULES 292 - 348
Water Conservation Board	SCHEDULES 349 - 401
Division Water Resources	SCHEDULES 402 - 440
Division of Wildlife	SCHEDULES 441 - 480
Schedule 4: Source of Financing	SCHEDULES 481 - 489

Line Item Descriptions
EXECUTIVE DIRECTOR'S OFFICE

PERSONAL SERVICES

The Executive Director's Office provides leadership and support for many natural resource issues that cross divisional lines and affect many elements of our society. The Executive Director's Office's 59.8 FTE are responsible for the overall administration of the Department. These FTE provide services and leadership to the Department as a whole in the areas of policy, accounting, human resources, purchasing, budget, and information technology. Funding is primarily through indirect cost recoveries collected from the divisions of the Department. The General Fund is used to fund the difference between indirect cost recoveries and actual appropriations for personal services and POTS. All General Fund appropriated to the Executive Director's Office is reflected under the personal services line for transparency.

The Fiscal Year 2007-08 appropriation for Personal Services include two new FTE and \$214,319 (including \$100,333 to annualize salary survey) in additional funding. The two new appropriated FTE are for a National Energy Policy Act Coordinator (NEPA Coordinator) and for an Assistant Director of Energy.

Included in the FY 2008-09 appropriation is \$19,256 General Fund and 0.4 FTE which will be used in the implementation of the contract monitoring bill; S.B. 07-228. During supplemental figure setting the appropriation to this line was reduced by \$96,583. This included a net-zero refinance of General Fund for Reappropriated Funds to capture savings on the Operating line from reduced cellular phone bills. It also included \$7,415 in reduced costs on the Departments Employee Data System (EDSYS) contract, and \$84,240 in one-time savings from a statewide hiring freeze. Lastly, 1.6 FTE were reduced from this line and \$4,928 was transferred from this line to the newly created Management and Administration of OIT line as part of the ongoing consolidation of IT services.

For FY 2009-10 the Division was appropriated \$243,693 in additional funding. This amount included increases of \$235,798 to annualize FY 2008-09 salary survey and performance based pay awards, \$84,240 to restore the FY 2008-09 hiring freeze cut, and \$22,099 and 0.4 FTE to annualize the 0.8 FTE appropriated to perform contract monitoring in S.B. 07-228. The General Assembly also passed S.B. 09-158 which provides the Division with \$50,000 to research private land conservation incentives. The final appropriation was reduced by a personal services cut of 1.82%, or \$97,089, to help balance the budget. After the beginning of the fiscal year the Department submitted an early supplemental as part of the Governor's budget balancing plan. This supplemental reduces the current year appropriation by \$96,776 and 1.0 FTE in order to eliminate the NEPA Coordinator position.

Line Item Description - FY 2010-11 Budget Request

The FY 2010-11 request is primarily a continuation request. Changes include the removal of the one-time \$50,000 funding provide in S.B. 09-158 for research into private land conservation incentives, restoration of the \$97,089 personal services cut, annualization of the early supplemental to eliminate the NEPA coordinator, the reduction of 15.0 FTE for transfer to OIT, and the transfer of \$1,436,088 in IT staff personal services dollars to other IT related lines in the Executive Director's Office.

NOTE: All remaining lines in this Budget Narrative reflect the centrally-appropriated "POTS" funds that benefit all of the Department's agencies. Costs for each line are allocated out to divisions within the Department. The FY 2007-08 Long Bill (SB 07-239) included a significant change for Colorado State Parks; JBC staff recommended and the committee approved a refinancing of the State Parks contributions to these POTS lines. Beginning with SB 07-239, State Parks began financing their portion of POTS with 70% Cash Funds and 30% General Funds; in prior years Parks' portion was funded exclusively with General Funds. In the current fiscal year, as appropriated in S.B. 09-259, JBC staff has further changed the funding methodology of Parks' potted items by reducing the General Fund percentage to 19.4%. Additionally, staff recommended, and the committee appropriated, POTS for the Division of Water Resources at 96.4% General Fund and 3.6% Cash Funds. Since there is only a limited amount of Cash Fund revenue to the Division each year, the Department is returning to the practice of requesting that POTS funding based on the funding of the programs that use them.

HEALTH, LIFE, AND DENTAL

This insurance benefit is part of the POTS component paid jointly by the State and State employees on a predetermined rate based on the type of package that each employee selected (e.g., Employee, Employee + 1, Employee + Spouse, etc). Funds appropriated here are allocated to all divisions within the Department.

The Department's Health, Life, and Dental (HLD) appropriation is requested based on findings in the Department of Personnel and Administration's total compensation survey.

SHORT-TERM DISABILITY

This state-paid insurance provides for the partial replacement of salary if the employee becomes disabled. Starting with FY 2009-10, the Department's Short-term Disability is calculated at 0.155% of salaries. In previous years it was calculated at .13% of salaries.

H.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT

The Amortization Equalization Disbursement (AED) increases the employer contribution to the PERA Trust Fund to amortize the unfunded liability in the Trust Fund beginning in January 2006. The Budget Request for this line is computed per instructions from the

Line Item Description - FY 2010-11 Budget Request

Office of State Planning and Budgeting. The rate is provided in statute and the appropriation is calculated using the sum of base salaries, Salary Survey and range adjustments. The following chart shows the rate by calendar year and fiscal year.

Date	AED	Fiscal Year	Full year CF / FF AED	Full year GF AED
January 1, 2006	0.50%			
January 1, 2007	1.00%	06-07	0.75%	0.71%
January 1, 2008	1.40%	07-08	1.20%	1.17%
January 1, 2009	1.80%	08-09	1.60%	1.57%
January 1, 2010	2.20%	09-10	2.00%	1.97%
January 1, 2011	2.60%	10-11	2.40%	2.37%
January 1, 2012	3.00%	11-12	2.80%	2.77%
January 1, 2013	3.00%	12-13	3.00%	3.00%

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

The Supplemental Amortization Equalization Disbursement (SAED) increases the employee’s contribution to the PERA Trust Fund to amortize the unfunded liability beginning January 2008. It is similar to the Amortization Equalization Disbursement discussed above; however, it is paid by the employees via foregone salary increases. The rate is provided in statute and the appropriation is calculated using the sum of base salaries, Salary Survey and range adjustments. The following chart shows the rate by calendar year and fiscal year.

Date	SAED	Fiscal Year	Full year CF / FF SAED	Full year GF SAED
January 1, 2006	n/a			
January 1, 2007	n/a	06-07	0.00%	0.00%
January 1, 2008	0.50%	07-08	0.25%	0.21%
January 1, 2009	1.00%	08-09	0.75%	0.71%
January 1, 2010	1.50%	09-10	1.25%	1.21%
January 1, 2011	2.00%	10-11	1.75%	1.71%
January 1, 2012	2.50%	11-12	2.25%	2.21%
January 1, 2013	3.00%	12-13	2.75%	2.71%

SALARY SURVEY AND SENIOR EXECUTIVE SERVICE

Salary Survey and Senior Executive Service was not requested for FY 2010-11 due to budget constraints.

PERFORMANCE-BASED PAY AWARDS

Performance-based pay was not requested for FY 2010-11 due to budget constraints.

SHIFT DIFFERENTIAL

This line item represents funds appropriated in order to give differential pay to employees who work hours outside of regular business hours. The appropriation and request are developed based on 80% of previous year actual expenditures.

WORKERS COMPENSATION

Workers' Compensation is a statewide allocation to each department based upon historic usage. This line item provides funding for payments made to the Department of Personnel and Administration to support the State's self-insured program. The cost basis is developed relative to estimated claim payouts, purchased professional services (actuarial and broker costs), and Common Policy adjustments. The Department of Personnel and Administration's actuaries determine departmental allocations. Splits amongst Divisions are based on a rolling three year average of the percentage of claims each division generates.

OPERATING EXPENSES

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

LEGAL SERVICES

Most of the divisions within the Department of Natural Resources rely heavily on legal services purchased from the Department of Law (Attorney General's Office). In FY 2008-09, the Department's total legal services hours remained at 43,952. DNR is appropriated legal services at the "blended rate", a figure that representing a blend of the actual hourly rate for attorneys and paralegals. The blended rate is calculated annually by the Joint Budget Committee.

Line Item Description - FY 2010-11 Budget Request

In FY 2006-07, the DNR Legal Services appropriation was increased to provide State Parks 2,430 hours (\$164,681 GF) to address critical water-related legal work associated with acquisition of additional, and protection of existing, water rights on streams, river, lakes and reservoirs managed and/or owned by the Division. An additional 869 hours (\$58,892 GF) was also secured for the Division of Water Resources to: (1) replace legal services hours that had been reduced over the previous few years as a result in reductions to General Fund revenue, and; (2) address increasingly complex water cases and associated legal support. A one-time supplemental amount of 350 hours (\$23,719 CF) for the Mine Land Reclamation Board and 500 hours (\$33,830 CF) for the Mineral Program were appropriated to review approximately two oil shale permits that were expected to be submitted to the Division of Reclamation, Mining & Safety.

In FY 2007-08, an additional 900 hours (\$64,827 CF) for the Mined Land Reclamation Board and 1,000 hours (\$72,030 CF) for the Minerals program were approved. These additional hours were requested to research and develop regulations and other actions driven by the re-establishment of oil shale activity in Colorado; protection of public health and safety and the adequate, ongoing legal protections for the Division also drove this request. The FY 07-08 DNR Legal Services appropriation also reflected a 900-hour (\$15,494 CF and \$49,333 CFE) increase to the State Land Board earmarked specifically for State Land Board mineral royalty audit legal work. The Division of Wildlife received an increase of 1,600 hours (\$115,248 CFE) to help deal with the increased number and complexity of property easements entered into by the Division. Finally, action by the JBC re-financed the State Parks portion of the Department's Legal Services line – 3,902 hours at \$72.03 was changed from \$281,061 GF to \$84,318 GF *and* \$196,743 CF.

In FY 2008-09 the Department requested and received a continuation appropriation of 43,952 hours. The amount of General Fund in this line was not adjusted from FY 2007-08 and therefore the fund splits did not reflect the number of hours allocated to each division. As part of the FY 2008-09 supplemental the Division of Parks and Outdoor Recreation refinanced \$50,000 of its General Fund appropriation with Cash Funds.

In FY 2009-10 the Department requested and received a continuation appropriation of 43,952 hours.

In FY 2010-11 the Department is requesting a continuation appropriation of 43,952 hours. The hours, by division, for the request year are presented below.

Line Item Description - FY 2010-11 Budget Request

FY 2010-11	
Executive Director's Office	522
DRMS - Coal	763
DRMS - MSTP	85
DRMS - Inactive Mines	66
DRMS - Minerals + MLRB	5,681
Colorado Geological Survey	18
Oil & Gas Conservation Commission	2,031
State Land Board	7,008
Division of Parks & Outdoor Recreation	3,902
Colorado Water Conservation Board	4,760
Division of Water Resources	11,274
Division of Wildlife	7,842

PURCHASE OF SERVICES FROM COMPUTER CENTER

This appropriation represents funding for the Department's use of centralized computer services. The Department of Personnel and Administration operates a computer center, formerly known as the General Government Computer Center, as a service to other departments in State government. The total need to fund the General Government Computer Center is multiplied by a prior year's usage ratio for each State department. The Department of Personnel and Administration and the Office of State Planning and Budgeting calculate and communicate these allocations through the Common Policies instructions.

MULTIUSE NETWORK PAYMENTS

This line item is used to pay the Department's share of the statewide multiuse network (MNT). DNR participates in the MNT to provide high-speed broadband capabilities to state offices throughout Colorado. The Joint Budget Committee established this line item in FY 2002-03 as a means of tracking the costs of the multiuse network.

MANAGEMENT AND ADMINISTRATION OF OIT

This allocation refers to what is commonly referred to as OIT "Back-Office" billings. Senate Bill 08-155 provided for this new function (and associated billings to agencies) in OIT effective starting in FY 2008-09. This is also intended to reflect the refinance of

Line Item Description - FY 2010-11 Budget Request

the previously state General Funded OIT Administration unit effective with FY 2008-09. This line was created by supplemental during FY 2008-09.

PAYMENTS TO RISK MANAGEMENT AND PROPERTY FUNDS

Payment to Risk Management and Property Funds is an allocation appropriated to each department based on a shared statewide risk formula for two programs, the Liability Program and the Property Program. The state's liability program is used to pay liability claims and expenses brought against the state. The property program provides insurance coverage for state buildings and their contents. A portion of the Department's property insurance payment includes "Flood Zone A" insurance. The divisional shares are calculated based on three factors: average property value and square footage (property exposure), number of FTE (liability exposure), and Flood Zone A premiums.

VEHICLE LEASE PAYMENTS

Funds provided through this line enable the Department to leases vehicles from State Fleet Management in the Department of Personnel and Administration. Eight of the Department's 10 divisions lease vehicles to perform their work. The Department drives approximately 1,300 vehicles an average of 14 million miles each year in the course of business. The cost of each lease is based on the purchase price of the vehicle selected and the length of the lease agreement.

INFORMATION TECHNOLOGY ASSET MAINTENANCE

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

LEASED SPACE

This line is used to pay for the Department's use of commercial leased space. Divisions within the Department occupy office space in all regions of Colorado. The Department holds approximately 50 leases encompassing 110,000 square feet and 40 parking spaces.

CAPITOL COMPLEX LEASED SPACE

This line item is used to pay the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex. Capitol Complex Leased Space is appropriated based on usable square footage utilized by each state department. Currently, for the Department of Natural Resources, this includes 69,107 square feet of space at 1313 Sherman Street

Line Item Description - FY 2010-11 Budget Request

(Centennial Building). Total square footage leased within the Capital Complex by Natural Resources has not changed in a number of years. Square footage, by division, is shown in the table below.

FY 2010-11	
Executive Director's Office	13,552
DRMS - Coal	4,892
DRMS - MSTP	1,224
DRMS - Inactive Mines	4,602
DRMS - Minerals	4,432
Colorado Geological Survey	5,340
Oil & Gas Conservation Commission	0
State Land Board	0
Division of Parks & Outdoor Recreation	12,635
Colorado Water Conservation Board	5,178
Division of Water Resources	17,252
Division of Wildlife	0

COMMUNICATIONS SERVICES PAYMENTS

This line item is the DNR contribution to pay for the Department of Personnel and Administration's role in planning, coordinating, and integrating the public safety networks for the Departments of Public Safety, Transportation, Corrections, and Natural Resources. Local agencies also use this network. These networks operate through land-based, mobile, and microwave technology. Beneficiaries of these services within the Department include both law enforcement agencies – the Divisions of Parks and Outdoor Recreation as well as the Division of Wildlife.

(2) DIVISION OF RECLAMATION, MINING, AND SAFETY

(A) Coal Land Reclamation

Program Costs

The Coal Land Reclamation appropriation, under other titles, originated in 1970 with funding from the state's General Fund. In 1978 the program received preliminary federal grant funds. By 1980 Colorado was granted full state primacy for regulation of coal mines and exploration in the state following passage of the federal Surface Mining Control and Reclamation Act (SMCRA) of 1977, Title V. It was at that time that a separate line was created specifically for Coal regulation funding. The line is currently funded 79 percent from a federal grant from the U.S. Department of the Interior's Office of Surface Mining (hereafter referred to as OSM) and 21 percent from cash funds/severance tax from the Operational Account of the Severance Tax Trust, which is the required state match percentage in order to receive the OSM grant. The OSM grant also funds the Blasters Certification appropriation under (D) Mines Program in the same federal funds/cash-severance tax ratio. The state match requirement was formerly funded from General Fund dollars until FY2001-02 when all General Fund appropriations in DRMS were refinanced with cash funds/severance tax. The 21/79 percent ratio is based upon totals of permitted mine acres that are located on federally owned lands versus state lands in Colorado. The federal mine acreage calculation includes any land within a permit that includes federally owned surface acreage and/or mineral sub-surface acreage.

The Program Costs line funds 23.0 FTE. One FTE was removed in FY2002-03 due to insufficient federal grant funds to fund the FTE. During FY2007-08 and FY2008-09, salary increases were implemented for inspection/enforcement staff in order to align salaries with competitive rates in the private sector (per a new hire brought in at a higher salary than existing staff) and to avoid staff attrition (3.0 FTE had departed from the Minerals Program for oil shale related positions). This has caused 2.0 FTE to remain unfunded in the Coal Program.

From FY 1997-98 through FY 2007-08, excluding FY 2003-04, the federal grant amount received did not fulfill 79 percent of the allowable state appropriations number per the "21 percent state match/79 percent federal funding" ratio described above. To maintain the total allowable state appropriation in order to avoid temporary staff layoffs, the General Assembly approved financing the shortfall with additional cash funds/severance tax in order to maintain the total Option 8 appropriation level. These additional cash funds were labeled as *Coal Support* lines from FY1997-98 through FY2004-05; then were combined on the *Program Costs* line starting in FY2005-06. Table A shows an example of how this shortfall financing was calculated, which includes the Blasters Certification appropriation totals (numbers shown are not relevant to FY2009-10). Due to a significant increase in the federal grant during

Line Item Description - FY 2010-11 Budget Request

FY2008-09, federal funds are adequate to fulfill the 79 percent federal funds portion of Option 8, POTs and indirect appropriations; therefore the *Coal Support* line was eliminated. The 2009 grant amount exceeds the state spending authority by approximately \$136,000; the grant requires 21 percent state matching funds in order to be spent. Due to the federal grant being on a calendar year timeframe, half of the financing for the FY2010-11 Coal/Blasters Certification lines is based on estimated grant amount. A final fund split review/adjustment is made during the Joint Budget Committee’s figure setting process based on any changes to the federal grant number and to POTs and indirect amounts.

Table A – Example of Financing of Coal and Blasters Certification Appropriations – Use of Coal Support Line Item

The “target” funding split of 79 percent federal funds and 21 percent state cash funds match is based on the percentage of Colorado coal mines operating on federal lands vs. non-federal lands and is set by OSM. A federal grant estimate is applied to the Coal Program Costs and Indirect lines, Coal centrally appropriated POTs, and to Blasters Certification Long Bill lines (funded from the same federal grant) and to Coal/Blasters centrally appropriated POTs at the target rate of 79 percent. If the federal grant estimate does not cover 79 percent of the specified lines, cash funds-severance tax is increased above the target rate of 21 percent to cover the state allowable base funding (per Common Policies). The financing adjustment to cash/federal funds is shown on the Coal Program Costs line.

TABLE A				
	A	B	C	D
	Coal and Blasters Certification Financing Calculation	TF	CF	FF
1	Blasters Option 8 - 21%CF/79%FF	109,486	22,842	86,644
2	Coal POTs - 21%CF/79%FF	347,559	75,356	272,203
3	Blasters POTs - 21%CF/79%FF	11,903	3,392	8,511
4	Coal Indirect - to be revised during Figuresetting	142,656	30,393	112,263
5	Coal Program Costs Option 8 <i>Financing fund split is made on this line – see adjusted Coal “Program Costs” in Row 15 below.</i>	2,189,474	459,196	1,730,278
6	Total Costs - prior to financing adjustment	2,801,078	591,179	2,209,899

Line Item Description - FY 2010-11 Budget Request

7	Federal Grant Estimate – To be revised during Figuresetting			
8	1/2 2009 federal grant estimate (amount requested by Office of Surface Mining-not yet approved by U.S. Congress)			1,141,426
9	1/2 2010 federal grant estimate			1,141,426
10	Total Federal Grant Estimate			2,282,852
11	Financing Adjustment:			
12	(1) Adjust federal funds up or down depending on grant estimate compared to federal funds total shown in Row 6/Column D. Make this adjustment again on Row 15 if not reversed in Row 13.		(72,953)	72,953
13	(2) Reverse values in Row 12 if federal funds estimate exceeds federal amount in Row 6/Column D (maintain 21% CF/79% FF fund split overall).		72,953	(72,953)
14	Final Total Coal/Blasters Fund Split	2,801,078	591,179	2,209,899
15	Adjusted Coal “Program Costs” line funding split (fund split adjustment is made on this Long Bill line)	2,189,474	459,196	1,730,278
			21%	79%

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Indirect Cost Assessment

This appropriation, which funds the Department of Natural Resources Executive Director’s Office (EDO) is based on calculations derived by the EDO budget staff based on personal services expenditures from the most recent “closed” fiscal year (FY2008-09 for the FY 2010-11 budget request). The Coal indirect cost assessment is funded from cash funds/severance tax and federal grant funds. Federal indirect rates are approved by the Department of the Interior and applied when collecting federal indirect from federal grants. During the fiscal year, the federal indirect is assessed on 79 percent of the Coal personal services costs (based on the 21/79 ratio). Due to vacancy savings, the target federal indirect amount shown in the Long Bill could be under-collected. The cash indirect amount is fully collected.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

(B) Inactive Mines

Program Costs

The Inactive Mines Program Costs appropriation is comprised of two funding sources -- an OSM federal grant and cash funds from the Operational Account of the Severance Tax Trust Fund. The federal portion of the appropriation originated in 1984 after the state programs were established in 1980 [Section 34-33-133, C.R.S. (2008)] following passage of the federal Surface Mining Control and Reclamation Act (SMCRA) of 1977. The federal funding is contingent on the state having an approved coal mining regulatory program under Title V of SMCRA [see (A) Coal Land Reclamation] and are distributed from the U.S. Department of the Interior's Office of Surface Mining (OSM) -- no state match amount is required on the grant. The federal grant funds can only address sites that were mined prior to passage of SMCRA (referred to as "pre-law" sites) -- mining permitted after 1977 were required to post a reclamation bond that was intended to fund any incomplete reclamation if the mine operator failed financially. The program was launched with a comprehensive inventory of mine openings and land disturbances associated with past mining activities, which revealed an estimated 23,000 hazardous mine openings. Since 1980, over 8,000 abandoned mine sites have been addressed through this program. Thirty-seven coal mine fires pending safeguarding and containment and subsidence issues impacting residential housing built over abandoned coal mines are issues that are also eligible for this funding. The federal grant funds are not authorized for use to remedy post-mining environmental/ water quality issues at the pre-1977 sites.

The Long Bill shows only the administrative portion of the federal grant funds, although it shows all FTE for the program. The non-appropriated portion of the OSM federal grant that is appropriated for three fiscal years and directly funds reclamation/safeguarding projects is not shown in the Long Bill. The projects are not considered state capital construction projects because the work is not performed on state-owned land/property. The project portion of the federal grant is available for 3 field seasons that are restricted due to high elevation historic mining areas; therefore, they can be completed only during a shortened construction season.

Reauthorization of the SMCRA law in December 2006 authorized distribution to the states of funds that were retained at the federal level since 1980. These set-aside funds will be allocated to Colorado from FY2008-09 through FY2014-15 and total nearly \$30 million above the average \$2.4 million received annually through the normal grant allocation. Change Request #18 in FY2008-09 increased the federal appropriation amount in the Long Bill and added 6.0 FTE to manage/administer the increased number of

Line Item Description - FY 2010-11 Budget Request

safeguarding/coal fire mitigation projects to be accomplished with the new funds. Following this FTE changes, the Inactive Mines Program Costs line currently shows a total of 18.4, which represents the total FTE for the program. A significant portion of the costs of these FTE is charged to the non-appropriated side of the federal grant; therefore, numerous FTE show as a reversion each year from the Long Bill total.

The cash/severance tax portion of the Inactive Mines Program Costs line was initiated through state Senate Bill 05-190, which provided annual appropriations of \$500,000 to this line from the Operational Account of the Severance Tax Trust Fund and created the Abandoned Mine Reclamation Fund, which earns interest on the fund balance. The purpose of these funds is to enable the program to complete a greater number of projects safeguarding abandoned mine hazards per year and to provide a funding source that can address post-mining environmental issues (the federal grant described above is not allowed to address those issues). Per the statute, this funding is contingent on compliance with the division's total allowable severance tax percentage (25 percent) from the Operational Account of the Severance Tax Trust Fund per the severance tax statutes, Section 39-29-109, C.R.S. (2008). Each annual appropriation is allowed to be spent over three consecutive fiscal years per a footnote notation to accommodate limited construction seasons at high-elevation and harsh weather sites.

Change Request DNR #10 was approved for FY2009-10, which provides \$20,000 annual spending authority for interest earned on the \$500,000 cash funds/severance tax in the Abandoned Mine Reclamation Fund. The ability to spend an additional \$20,000 per year enables more mine openings to be safeguarded each year.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Mine Site Reclamation

The Mine Site Reclamation line originated in FY2001-02 for the purpose of providing grants to local districts to serve as matching funds to obtain federal "319" grants from the Environmental Protection Agency (the name of the grants refers to the authorizing statute, which is Section 319 of the Clean Water Act). The funds are used to mitigate water quality problems associated with past mining operations. The federal grant funds described above are not allowed to be spent on water quality problems related to abandoned mine sites and severance tax revenue was considered an appropriate use of a tax that is partially paid by the mining industry to remedy mining-related environmental problems. The funding was increased from \$125,000 to \$375,000 in FY2006-07 and 1.2 FTE were allocated to the line to cover staff services to manage the grant distribution process and to provide project management assistance. The line also includes \$30,000 reappropriated funds for transfer of federal pass-through funds from the Colorado Department of Public Health and Environment (hereafter referred to as CDPHE) to support the project management costs.

Line Item Description - FY 2010-11 Budget Request

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Reclamation of Forfeited Mine Sites

The Reclamation of Forfeited Mine Sites appropriation originated in FY2007-08 to support inadequate bond amounts posted for “post-law” mine sites (after 1977) where the mining permit was revoked due to operator failure (bankruptcy, death, etc.) and the bond amount was insufficient to cover all remaining reclamation required at the site. The available bond amount is “forfeited” to the state for use in reclamation. The Inactive Mine Reclamation Program has been granted authority from the Mined Land Reclamation Board to manage projects at forfeited sites per its authority cited in Sections 34-32-118(5) and 34-32.5-118(5), C.R.S. (2008) None of the other funds appropriated in the Inactive Mines program can be used on forfeited mine sites per the legislative or budgetary intent of the other appropriations. Each annual appropriation is allowed to be spent over three consecutive fiscal years per footnote notation. Per a change request approved in FY2008-09, the initial appropriated amount of \$342,000 was extended for that amount to be appropriated in each of five fiscal years (FY2008-09 through FY2012-13), with each having a three-year spending cycle. The five year appropriation is documented in the FY2008-09 Figuresetting document. In FY2009-10, the funding amount was reduced to \$171,000 for budget balancing purposes in Tier I of the Operational Account of the Severance Tax Trust Fund. The duration of the funding, through FY2012-13, was not altered (although this may need to be re-examined in light of the decreased funding of this program).

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Abandoned Mine Safety

The Abandoned Mine Safety appropriation originated in FY1995-96 from General Funds revenues derived from “gaming/casino” districts and targeted safeguarding abandoned mine openings/land disturbances in those counties. In FY 2001-02, the funding of this line item was converted to cash funds from severance tax and is currently used to address projects statewide, based on priority needs. The line supports 0.2 FTE for project coordination and funds project costs for use in safeguarding or environmental remediation at any abandoned mine sites, except for forfeited sites that were bonded after 1977. In FY 2009-10, the spending authority was reduced to \$100,000 (\$12,113 was deducted) for budget balancing purposes in Tier I of the Operational Account of the Severance Tax Trust Fund.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Indirect Cost Assessment

This appropriation, which funds the Department of Natural Resources Executive Director's Office (EDO) is based on calculations derived by the EDO budget staff based on personal services expenditures from the most recent "closed" fiscal year (FY 2008-09 for the FY 2010-11 budget request). The Inactive Mines indirect cost assessment is funded from cash funds/severance tax and federal grant funds. Federal indirect rates are approved by the Department of the Interior and applied when collecting federal indirect from federal grants. During the fiscal year, the federal indirect is assessed on all personal services costs in the program that are charged to federal grants. Due to vacancy savings, the target federal indirect amount shown in the Long Bill could be under-collected. The cash indirect amount is fully collected.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

(C) Minerals

Program Costs

The Minerals Program Costs appropriation originated in 1975 and was strengthened in 1993 for hardrock (metal minerals) mining--Section 34-32-102, C.R.S. (2008) and in 1995 for construction materials (i.e., sand and gravel) mining--Section 34-32.5-102, C.R.S. (2008). The line supports 23.9 FTE and associated operating costs, as well as costs for the Mined Land Reclamation Board. The purpose of the line is to fund regulatory activities for non-coal commodities. The statute also defines that fines paid by operators for mining violations accrue to the state's General Fund.

The following describes the history of the types of funds that comprise the Program Costs appropriation:

Financing – Cash Funds/Severance Tax (formerly General Fund): Prior to FY 2002-03, the Program Costs line contained General Fund dollars per the legislative intent that *enforcement and other activity that is conducted for the benefit of the general public should be supported by the general fund* [Section 34-32-102(2)(d), C.R.S. (2008)]. The General Fund was replaced by cash funds/severance tax in FY 2002-03. Cash funds from severance tax finances the amount of the line that is not financed by fee revenue as described below and is defined in the letternote on the line.

Financing – Fee Revenue: The amount of fee revenue indicated in the Long Bill letter notation is set by DRMS to pace the use of fee revenue for a span of 5-7 years after a legislative fee increase (balances revenue from current year fee collections with an amount taken from over-collected fee revenues that revert to the fund balance). Historically, the amount financed from fund balance was 5

Line Item Description - FY 2010-11 Budget Request

percent of the line after the Option 8 calculation is applied. The duration of fee revenue is contingent on the viability of the mining industry in the state. Fees were most recently increased during the 2007 legislative session (Senate Bill 07-185). Specific fees related to in situ uranium were also approved in SB 08-1161. The amount applied to the Program Expenses line from current year fee revenue plus fund balance is defined in the letternote for this line.

The appropriation supports 24.1 FTE, which includes technical regulatory staff, program administrative staff and a share of central administrative staff that support the entire division. The FTE total was increased from 22.9 to 23.9 in FY2007-08 (through a Change Request) to cover the cost of 1.0 new FTE, and associated operating costs in the Grand Junction regional office. The new FTE was needed to cover an expanding workload due to new oil shale leases provided through the federal Energy Policy Act of 2005, a projected increase in reactivated of uranium permits, and increasing need for construction materials related to the growth in energy industries in western Colorado. HB 08-1161 increased the FTE to 24.3 for rulemaking and increased workload associated with proposed in situ uranium permits. The rulemaking associated with 0.2 FTE ended, leaving 24.1 FTE total for FY2009-10.

During FY2007-08 and FY2008-09, salary increases were implemented for inspection/enforcement staff in order to align salaries with competitive rates in the private sector (per a new hire brought in at a higher salary than existing staff) and to avoid staff attrition (3 FTE had departed from the Minerals Program for oil shale related positions). This has caused 2.0 FTE to remain unfunded in the Minerals Program.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Indirect Cost Assessment

This appropriation, which funds the Department of Natural Resources Executive Director's Office (EDO) is based on calculations derived by the EDO budget staff based on personal services expenditures from the most recent "closed" fiscal year (FY 2008-09 for FY 2010-11 budget request). The Minerals program indirect cost assessment is funded from cash funds/severance tax and the amount shown in the Long Bill is fully collected and is not affected by vacancy savings.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

(D) Mines Program

Colorado and Federal Mine Safety Program

Line Item Description - FY 2010-11 Budget Request

The Colorado and Federal Mine Safety Program appropriation originated in 1976 specific to “Coal Mine Safety.” The current appropriation supports 5.0 FTE and associated operating costs and is charged with providing the following: (1) site-specific mine health and safety training and education to Colorado miners, upon request from the mines; (2) production and distribution of new, more effective safety training materials; and (3) inspection of tourist mines and idle or abandoned mines. The appropriation also supports collection and maintenance of coal mine production records. [The health and safety standards that apply to mining operations in the state are located in Title 34, Articles 20-25, C.R.S. (2008) and in Code of Federal Regulations, Title 30, Parts 1-199 (2008).] The program receives annual federal funding from the U.S. Department of Labor, Mine Safety and Health Administration. Beginning with the FY 2001-02 Long Bill, the previous General Fund appropriation to the program was changed to cash funds from the Operational Account of the Severance Tax Trust Fund.

The funding sources for this appropriation are based on the following:

Financing – Cash Funds – Fee Revenue: Per the letter notation in the Long Bill for this line, the fees have been set at \$6,000 since FY 2003-04 based on average fee receipts to the program. Fee collections have increased in recent years, a trend projected to continue; therefore, the amount applied to this appropriation was increased to \$10,000 in FY 2009-10. This will ensure the fund balance for this fee revenue remains in compliance with SB98-194. Similar action will be taken in future fiscal years if annual revenue levels exceed \$10,000.

Financing – Cash/Severance Tax and Federal Funds: Starting in FY 2001-02, the non-fees portion of this appropriation has been financed first with available federal grant funds, including covering the federal indirect cost amount, and the remainder with cash funds/severance tax. Table B shows the financing calculation for the FY 2009-10 budget request with a revised fee amount of \$10,000.

Table B				
	A	B	C	D
	Colorado and Federal Mine Safety Program Financing Calculation	TF	CF	FF
1	Mines Program - Indirect <i>-to be revised during Figure Setting</i>	29,958	14,644	15,314
2	CO & Federal Mine Safety Line Option 8 Results Financing adjustment is made on this line--see Adjusted Mine Safety Program line in Row 6 below.	527,932	331,973	195,959
3	Total Cost	557,890	346,617	211,273

Line Item Description - FY 2010-11 Budget Request

4	Federal Grant Estimate (confirmed by Mine Safety and Health Admin 8/2008)			207,153
5	Financing Adjustment – adjust CF and FF up or down compared to align with federal grant estimate. Apply same adjustment to “Program Costs” amounts in Row 6.		4,120	(4,120)
6	Adjusted Mine Safety Program line funding split (Indirect amount is not included here)	527,932	336,093	191,839
7	<i>Amount of CF financed from fee revenue</i>		10,000	
8	<i>Remaining CF amount financed from severance tax</i>		326,093	

Blaster Certification Program

The Blaster Certification Program appropriation originated as a separate line in 1993 and is funded from the same OSM grant that funds the Coal Program. The purpose of the program, which is required by OSM as a condition of state primacy in the Coal Program, is to conduct an examination program for certifying coal mine officials for specific positions, such as electricians, underground mine foreman and fireboss and to provide mine rescue and safety training to miners, as requested. The appropriation is funded in the same ratio as the Coal program - 21 percent cash funds/severance tax (required state match) and 79 percent federal funds. Indirect costs assessed on the Blaster Certification personal services costs are expensed from the Coal indirect cost appropriation.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Indirect Cost Assessment

This appropriation, which funds the Department of Natural Resources Executive Director’s Office (EDO) is based on calculations derived by the EDO budget staff based on personal services expenditures from the most recent “closed” fiscal year (FY 2008-09 for the FY 2010-11 budget request). The Mine Safety and Training program’s indirect cost assessment is funded from cash funds/severance tax and from federal grant sources. Federal indirect rates are approved by the Department of the Interior and applied when collecting federal indirect from federal grants. During the fiscal year, the federal indirect is assessed on all personal services costs in the program that are charged to federal grants. If vacancy savings occur in the Mine Safety program, the target federal indirect amount shown in the Long Bill could be under-collected. The cash indirect amount is fully collected.

Line Item Description - FY 2010-11 Budget Request

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

Emergency Response Costs

The Emergency Response appropriation originated in FY1997-98 with \$500,000 as a result of the authorization of division funding from the Operational Account of the Severance Tax Trust Fund. The intent was to enable the division to expedite funds to control negative impacts during a mine emergency where hazardous materials are exposed to the public and/or the environment. From FY1997-98 to the present, only minor emergency problems have occurred, with costs ranging from \$9,000-\$25,000. Due to the non-use of the \$450,000-\$500,000 level appropriations, the entire line was deleted in FY2003-04. The line was reappropriated in FY2005-06 with \$25,000, which was again funded from cash funds/severance tax, and has continued through the current FY2009-10 Long Bill. An emergency requiring additional emergency funding above this current funding level would require an Emergency Supplement through the “1331” procedures.

For the actual appropriation amounts, refer to the DRMS Schedule 3 document within this budget request.

(3) Colorado Geological Survey

ENVIRONMENTAL GEOLOGY & GEOLOGIC HAZARDS

This program line came in to existence during figure setting for FY 2000-01. Prior to that, the Colorado Geological Survey had very few program lines in the Long Bill; the primary line item designations were fund types. Though this program line was created in FY 2000-01, environmental geology and geologic hazards work has always been a part of the CGS statutory mission.

This program is designed to lessen the impact of, and increase the awareness and understanding of, geological hazards in Colorado. This program includes three main activities: (1) technical assistance; (2) data acquisition; and (3) land use reviews.

1. Technical assistance is provided to other state agencies, the federal government, and local governments. Technical assistance projects address a wide range of geological issues and hazards, including the study of swelling soils and collapsible soils, monitoring and evaluating landslide hazards, promoting earthquake awareness, and coordinating information on heaving bedrock. In addition to general research on geological hazards, the program advises efforts to avoid, mitigate, and prevent geological hazards and improve emergency preparedness planning by local governments. This program also includes environmental site assessments for other state agencies, rockfall mitigation for the Colorado Department of Transportation, and assisting other State of Colorado Departments.

2. Data acquisition includes efforts to characterize, study, and understand geological conditions and hazards. A major part of this activity is aimed at improving Colorado data regarding: a) the geology of groundwater resources and; b) the effect of geology on water quality. The program characterizes the influence of geology on water supply, drought, and climate change planning. It meets the need for new geological information to help decision-makers appropriately address these needs. Data acquisition activity includes efforts to investigate, characterize, and mitigate environmental degradation at abandoned mine sites. Another major activity compiles data on geological hazards to better characterize the risks to people and infrastructure. Information is managed within a geographic information system (GIS) framework to enhance its usefulness to data users.

3. Land use review activities include mandatory geological reviews of subdivisions and school sites regarding their geologic suitability for the planned uses. These applications are reviewed to ensure that geologic hazards are comprehensively identified

Line Item Description - FY 2010-11 Budget Request

and thoroughly addressed. Other geologic hazard reviews are performed upon request for local governments and state agencies. This activity also provides coal mine subsidence information to government agencies and the general public through the Mine Subsidence Information Center.

Pursuant to Section 34-1-105, C.R.S. (2009), the Colorado Geological Survey is allowed to charge fees to recover the direct costs of services provided to the general public, industries, and local governments through an agreement, or when a local government is required to review geologic issues by statute, and to recover the direct costs of services provided to state agencies. These fee revenues are deposited in the Geological Survey Cash Fund and are subject to annual appropriation by the General Assembly. In addition to fee revenue, the Colorado Geological Survey receives appropriations from the Operational Account of the Severance Tax Trust Fund and federal funds to perform its duties.

During figure setting for FY 2007-08, a portion of Change Request #7, "Address Current and Emerging Geologic Issues," was approved by the JBC, increasing the base severance tax appropriation by \$75,888. At the agency's request, the cash exempt appropriation was decreased by \$251,237 but corresponding decrease of 2.0 FTE (from 18.2 to 16.2) was included in this reduction which was not at the agency's request. During that same figure setting, Change Request #22, "Increase Land Use Review Fees," was approved with an increase of \$105,281 to cash fees. However, JBC staff recommended a corresponding permanent decrease of \$105,281 from the severance tax appropriation, which has severely hampered the agency's ability to carry out its mission.

During FY 2008-09 figure setting, Change Request #8, "Renewable Geothermal Energy for Colorado" was approved by the JBC for 1.0 FTE and \$69,035 cash funds from the Operational Account of the Severance Tax Trust Fund. This funded an FTE to explore and promote geothermal energy resources in Colorado.

During the FY2008-09 Supplemental Requests presented to the JBC, this long bill line item experienced a one-time reduction of \$656 cash funds for DNR Supplemental #2, "Cellular Phones Cost Reduction." Another one-time reduction of \$82,470 was taken from cash funds for DNR Supplemental #20, "Hiring Freeze Reduction." These one-time reductions were restored in the FY 2009-10 Long Bill.

The agency is not submitting any change requests for this Long Bill line item for FY 2010-11. The DNR Executive Director's Office is submitting Change Request #3 to reallocate leased space appropriation and expenditures from operating to centrally appropriated POTS. The FY 2010-11 base continuation request is for \$2,541,833 and 17.2 FTE, which includes the leased space change request plus a reduction of \$809 cash funds for the annualization of the Statewide Decision Item "Postage Increase and Mail Equipment Upgrade."

MINERAL RESOURCES AND MAPPING

This program line came in to existence during figure setting for FY 2000-01. Prior to that, the Colorado Geological Survey had very few program lines in the Long Bill; the primary line item designations were fund types. Though this program line was created in FY 2000-01, mineral resources and mapping work has always been a part of the CGS statutory mission.

The Mineral Resources and Mapping Program promotes the development of the state's mineral and energy resources through the publication and distribution of maps, reports, and presentations on geological conditions, mineral potential, mineral reserves, and actual mineral production. This section includes two major sub-programs: (1) the Mineral and Energy Resource Development and Information Program, and; (2) the Geological Mapping Program. The Mineral and Energy Resources Development and Information Program promotes the development of the state's mineral and energy resources and collects, maintains, and provides reliable mineral and energy information to decision makers, state and local governments, industry, and interested citizens throughout the state. This includes the development of renewable geothermal resources and carbon sequestration strategies to allow mitigation of greenhouse gas emissions from conventional energy resources. Mineral and energy information is provided through the publication and distribution of maps, reports, and presentations. The program provides an annual compilation of mineral and energy industry activity in Colorado. The Geological Mapping Program provides basic information on the geological structures and formations, geologic hazards, and groundwater aquifers in mapped areas. Funding provides for about seven to eight quadrangles to be mapped each year. Federal funds are from the U.S. Geological Survey and must be hard-matched by state funds.

During figure setting for FY2006-07, the federal funds were decreased with a corresponding decrease of 2.0 FTE (from 11.5 to 9.5). The request to decrease the federal funding was initiated by the agency, but the JBC chose to decrease FTE at the same time. This decrease should not have been tied to the funding, as the federal funding for this Long Bill line item was increased during figure setting for FY 2002-03 without a corresponding FTE increase. Therefore, the decrease should not have been tied to FTE. During figure setting for FY2008-09, a portion of Change Request #7, "Address Current and Emerging Geologic Issues," increased the severance tax funds for this long bill line item by \$77,817 and one FTE (from 9.5 to 10.5). Continuation funding of \$1,462,058 is requested for FY 2009-10.

During the FY2008-09 Supplemental Requests presented to the JBC, this long bill line item experienced a one-time reduction of \$474 cash funds for DNR Supplemental #2, "Cellular Phones Cost Reduction." Another one-time reduction of \$73,741 was taken from cash funds for DNR Supplemental #20, "Hiring Freeze Reduction." These one-time reductions were restored in the FY 2009-10 Long Bill.

Line Item Description - FY 2010-11 Budget Request

The agency is not submitting any change requests for this long bill line item for FY 2010-11. The FY 2010-11 base continuation request is for \$1,459,601 and 10.5 FTE, which includes a reduction of \$1,331 cash funds for the annualization of the Statewide Decision Item “Postage Increase and Mail Equipment Upgrade.”

COLORADO AVALANCHE INFORMATION CENTER

In 1987, the Colorado Avalanche Information Center (CAIC) became a Long Bill line item within the Department of Natural Resources, Colorado Geological Survey, pursuant to Section 34-1-101, C.R.S. (2009).

The CAIC is designed to promote safety. The purpose of the CAIC is to minimize the economic and human impact of snow avalanches on recreation, tourism, commerce, industry and the citizens of Colorado. Since 1950 avalanches have killed more people in Colorado than any other natural hazard, and in the United States, Colorado accounts for one-third of all avalanche deaths. The program is funded from the Operational Account of the Severance Tax Trust Fund, cash funds from training and publication fees, donations, federal grants, and a transfer from the Colorado Department of Transportation (CDOT) to provide assistance in monitoring and mitigating avalanche dangers along State Highways.

During figure setting for FY 2008-09, the JBC approved change request #11, “Avalanche Safety Program” to increase the cash fund appropriation by \$28,000 and increase FTE by 0.4.

During figure setting for FY 2009-10, the JBC approved change request #2, “Highway Avalanche Forecasting” to increase the reappropriated funds appropriation by \$34,262 to allow the CAIC to perform increased contract work for CDOT.

The agency is not submitting any change requests for this Long Bill line item for FY 2010-11. The FY 2010-11 base continuation request is for \$690,034 and 7.7 FTE.

OIL & GAS CONSERVATION COMMISSION (OGCC)

Program Costs

The OGCC's Program Cost line funds the OGCC's personnel and operating expenses, including 71.0 FTE, commission hearing expenses, travel expenses, vehicle mileage, information technology, and general office overhead. The employees funded through this line item are involved in field inspections, complaint response, enforcement, permitting, regulatory report reviews, environmental studies, mitigation of impacts caused by oil and gas activity, management of data related to the approximately 40,000 active and 40,000 inactive wells, and general administration.

To address the highly fluctuating activity levels of the oil and gas industry, this Long Bill line item was increased from \$2,732,859 and 33.0 FTE in FY 2004-05 to \$6,355,411 and 74.0 FTE in FY 2008-09, followed by a reduction to \$5,975,347 and 71.0 FTE in FY 2009-10. Of the \$5,975,347, \$3,095,122 is from the Operational Account of the Severance Tax Trust Fund and \$2,880,225 is from the Oil and Gas Conservation and Environmental Response Fund.

The agency's FY 2008-09 budget matched the November 1, 2007 request, which included 9.0 new FTE, plus an additional \$922,447 and 12.0 FTE to partially fund DNR Decision Item #1a and fully fund DNR Decision Item #6a. The primary difference between the request and the appropriated amount is the salary levels at which all new positions for FY 2008-09 were budgeted. The OGCC requested FY 2008-09 range minimum salaries for non-technical positions and 25% to 30% above FY 2008-09 range minimum for technical positions that are in high demand by the oil and gas industry (i.e. engineers and geology/environmental staff). Instead, all salaries were appropriated at the FY 07-08 range minimum. In addition, two of the requested FTE were downgraded from a supervisory level to non-supervisory positions.

The agency's FY 2009-10 budget is the November 1, 2008 base request net of the 1.8% one-time statewide Personal Services reduction and 3.0 FTE that were converted to contractors through a JBC staff-initiated supplemental. The Department's FY 2009-10 Decision Item #1 for 4.0 administrative FTE and contractors was denied.

The FY 2010-11 base request is equivalent to the FY 2009-10 budget plus a restoration of the one-time 1.8% Personal Services cut. It also includes a reduction of \$350,772 and 4.0 FTE associated with the statewide OIT Staff Consolidation decision item.

Underground Injection Control Program

The FY 2007-08 budget matched the November 1, 2006 request. This line item represents a federal grant, which partially reimburses the OGCC for its costs associated with regulating Class II underground injection wells. This program is delegated to the agency by the EPA and is listed for informational purposes only. The grant amount varies from year to year, due to fluctuations in the federal budget.

No changes were made for this line in FY 2008-09.

No changes were made for this line in FY 2009-10.

The OGCC is requesting a continuation appropriation of \$96,559 FF for this line item in FY 2010-11.

Plugging and Reclaiming Abandoned Wells

The FY 2007-08 line item matched the November 1, 2006 request. The funding is used by the OGCC to plug and abandon orphaned well sites. The funding source is the Oil and Gas Conservation and Environmental Response Fund.

No changes were made for this line in FY 2008-09.

No changes were made for this line in FY 2009-10.

The OGCC is requesting a continuation appropriation of \$220,000 CF for this line item in FY 2010-11.

Environmental Assistance and Complaint Resolution

The FY 2007-08 line item matched the November 1, 2006 request. These funds are used by the OGCC to respond to complaints by landowners or other persons. Water and soil samples are frequently collected and sent to various labs for analysis. Funding for this line item is from the Oil and Gas Conservation and Environmental Response Fund.

Line Item Description - FY 2010-11 Budget Request

No changes were made for this line in FY 2008-09.

No changes were made for this line in FY 2009-10.

The OGCC is requesting a continuation appropriation of \$312,033 CF for this line item in FY 2010-11.

Emergency Response

The FY 2007-08 line item matched the November 1, 2006 request. The purpose of this funding, per Long Bill footnote 104 (SB 07-239), "is for investigation, prevention, monitoring, and mitigation of circumstances, which are caused by or are alleged to be associated with oil and gas activities and which call for immediate action by the Oil and Gas Conservation Commission. An emergency creates a threat to public health, safety, or welfare or to the environment as proclaimed by the Oil and Gas Conservation Commission Director and approved by order of the Oil and Gas Conservation Commission." The OGCC has been requested by the General Assembly to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

Funding for this line item is from the Oil and Gas Conservation and Environmental Response Fund.

No changes were made for this line in FY 2008-09.

No changes were made for this line in FY 2009-10.

The OGCC is requesting a continuation appropriation of \$1,500,000 CF for this line item in FY 2010-11.

Special Environmental Protection and Mitigation Studies

The FY 2007-08 line item matched the November 1, 2006 request. This line item was first established in FY 2006-07 to provide timelier funding for special environmental protection and mitigation studies including, but not limited to gas seepage mitigation studies, outcrop monitoring studies, soil gas surveys in the vicinity of plugged orphaned wells, and baseline water quality and subsequent follow-up studies. The OGCC has been requested by the General Assembly, per Long Bill footnote 105 (SB07-239), to include in its annual budget request a report detailing all expenditures made in the

Line Item Description - FY 2010-11 Budget Request

previous year from this line item. This line item may or may not be fully expended in any given year. The intent was to provide available funds for studies that, to optimize their benefit, should be conducted as the needs for them are identified, as opposed to waiting on the annual budget process.

Funding for this line item is from the Oil and Gas Conservation and Environmental Response Fund.

No changes were made for this line in FY 2008-09.

Continuation funding was requested by the Department for FY 2009-10, but JBC staff recommended reducing the \$500,000 appropriation to \$325,000. The General Assembly approved the \$175,000 reduction.

The OGCC is requesting a continuation appropriation of \$325,000 CF for this line item in FY 2010-11.

Data Cleanup Project

The FY 07-08 line item matches the November 1, 2006 request. The Data Cleanup Project was a FY 2007-08 decision item, which was cut in half due to other budget priorities. This was a one-time line item and was not requested for FY 08-09. Funding for this line item is from the Oil and Gas Conservation and Environmental Response Fund.

This line was not requested for FY 2008-09.

SB 07-198 Coalbed Methane Monitoring and Mitigation Projects in La Plata and Archuleta Counties

This bill requires the transfer of \$4,452,000 from the Oil and Gas Conservation and Environmental Response Fund (Fund 170) to a new fund, the Coalbed Methane Seepage Cash Fund (Fund 21G), for the purposes set forth in the bill. The transfer schedule is as follows; \$2,003,400 in FY 07-08, \$2,003,400 in FY 08-09, and \$445,200 in FY 09-10. The funds will be available for the OGCC's use through June 30, 2010. Any remaining funds will be transferred back to the Oil and Gas Conservation and Environmental Response Fund.

A line item appeared in the FY 2008-09 Long Bill (HB 08-1375) for the first time, but no changes were requested or made to the appropriation, as set forth in SB 07-198.

Line Item Description - FY 2010-11 Budget Request

Pursuant SB 07-198, this line item was reduced from \$2,003,400 in FY 2008-09 to \$445,200 in FY 2009-10. It will not be requested for FY 2010-11.

Indirect Cost Assessment

The FY 2007-08 line item matched the November 1, 2006 request. For FY 2008-09, the Indirect Cost line was increased by \$97,260, of which \$91,483 are Cash Funds and \$5,777 are Federal Funds. This line was increased to \$313,768 in FY 2009-10 and the FY 2010-11 request would increase it to \$395,291 including \$5,898 in Federal Funds.

STATE BOARD OF LAND COMMISSIONERS

PROGRAM COSTS

State Land Board's budget has gone through several consolidations and budget increases over the past five years. The changes have been aimed at allowing the Board the flexibility to function like a business as well as increase its capacity to meet its business needs.

The FY 2004-05 State Land Board appropriation comprised seven line items: Personal Services, Operating, State Land Evaluations and Trust Asset Analysis, Lowry Range Project, Document Imaging, Land Use Planning and Engineering Contract Resources, and Indirect Cost Assessment. Document Imaging was a one-time appropriation.

In the FY 2005-06 appropriation, JBC staff consolidated the State Land Board's budget into two line items: Program Costs and State Trust Land Evaluations and Trust Asset Management Analysis. This consolidation allows the Board to use funds where ever it has needs, specifically for reinvestment into property. The program costs line item allows funds previously designated for operating and personal services for such things as weed spraying, land and water projects, land planning and evaluation projects, agricultural improvement, purchase of lessee improvements (required by statute), audits, appraisals, etc. Consequently, the State Land Board increased internal budgeting for these purchases.

In FY 2006-07, JBC staff refinanced the State Land Board's funding mix. For several years the State Land Board expenditures were mostly financed by royalty revenues in order to maximize the cash revenues that flowed into the School Finance Act. Partly as a response to SB05-196, JBC staff reallocated the funding according to the total revenues earned by the State Land Board. After accounting for \$75,000 CF from the Land and Water Management Fund, the State Land Board's budget was refinanced to 23.9% cash (e.g lease revenue) and 76.1% cash exempt (royalty revenue). The State Land Board earns about \$60 million in revenue per year.

In the FY 2007-08 appropriation, JBC staff further consolidated the State Land Board's appropriation recognizing that most expenditures made by the State Land Board are for the evaluation and management of trust assets. The funding mix was adjusted to 25.6% cash and 74.4% cash exempt. The FY 2007-08 Long Bill also contained an increase from three decision items: Water Portfolio Management, Mineral Auditor and Legal Services, and a New District Office.

The FY 2008-09 appropriation changed the funding mix to 100% cash funds due to the elimination of Cash Funds Exempt. The 2009 appropriation was also the subject of a one-year budget cut due to the statewide hiring freeze.

Line Item Description - FY 2010-11 Budget Request

In FY 2009-10 the Program Costs line item was reduced due to the elimination of State Fair expenses and as part of a statewide personal services reduction.

INDIRECT COSTS ASSESSMENT

Indirect Cost Assessment is a standard appropriation based on a statewide and departmental indirect cost assessment plan.

INVESTMENT AND DEVELOPMENT FUND

The Investment and Development Fund is a continuously appropriated fund that is not represented in the Long Bill. According to Section 36-1-116, C.R.S (2009), the fund receives the following from State Land Board mineral royalty revenues:

- \$3 million in FY 2009-10
- \$4 million in FY 2010-11
- \$5 million in FY 2011-12 and beyond.

Expenditures from the fund are for portfolio enhancement and additional income generation projects on School Trust Land. Expenditures from the fund are exempt from the procurement code (not exempt from fiscal rules) and can be used to hire FTE, contract for services, and make purchase. Fund balance (principle and interest) rolls forward each fiscal year. The State Land Board must report the fund's performance to the JBC and House and Senate Education Committees every January 31st.

(6) Division of Parks and Outdoor Recreation (DPOR)

(A) State Park Operations:

The Division currently has one program line for State Park Operations. This occurred in the 2005 Legislative Session when a Decision Item was adopted that consolidated line items – prior to FY 2005-06, the State Park Operations line item consisted of five separate line items:

- Established State Parks - Program Costs
- Established State Parks - Seasonal Work Program
- Established State Parks - Impact Assistance
- New State Parks - Program Costs
- New State Parks - Seasonal Work Program

The consolidated State Park Operations line enables the Division to proactively manage its program while providing maximum flexibility to meet current economic business challenges.

The State Park Operations line funds the ongoing operations and administrative staff at all state parks and central offices. This line includes Personal Services, Operating, Utility expenses and the Seasonal Work Program which enables the Division to hire temporary staff to assist at the parks during the busy season.

The FY 2009-10 appropriation for State Park Operations contained in S.B. 09-259 (the FY 2009-10 Long Bill) was \$24,063,248 and 260.7 FTE. The single largest change to this line item was a reduction of \$1,940,197 GF. This reduction was recommended due to the State's General Fund revenue shortfall and because JBC Staff asserted that lottery was not paying its fair share of State Park operating expenses. However, because the General Fund reduction was directly related to the availability of Lottery revenue (the reduction was calculated so that exactly 20 percent of FY 2008 Lottery revenues would be directed toward the operating budget), this recommendation may have violated the "No Substitution Clause" of the Colorado Constitution (Section 8 of Article XXVII of the Colorado Constitution). This section states that Lottery Funds be "in addition to and not a substitute for funds otherwise appropriated by the General Assembly" for state park purposes. Given this concern – and concerns about the impact this reduction would have on the operation of state parks and the ability to address the backlog of capital construction and controlled maintenance needs on state parks - the Governor's Office presented a comeback on this issue, which was not approved by the Joint Budget Committee.

Line Item Description - FY 2010-11 Budget Request

Other changes included in the FY 2009-10 appropriation for State Park Operations, as changes to the FY 2008-09 base of \$25,489,491 TF, include: (1) an increase of \$764,142 to annualize FY 2008-09 salary survey and performance-based pay increases; (2) an increase of \$169,586 to add back hiring freeze savings taken out of the FY 2008-09 budget; (3) a decrease of \$438,733 as part of a JBC Staff calculated 1.82% personal services reduction (DNR has significant concerns with how this was calculated, as base personal services were vastly over-estimated by JBC Staff); (4) a reduction of \$4,226 to annualize cellular phone savings; (5) a reduction of \$9,718 to reflect that the Department will no longer participate at the Colorado State Fair; (6) a reduction of \$3,387, which spending authority will be transferred to the DNR Executive Director's Office to pay for OIT Management and Administration costs; and (7) an increase of \$36,290 to pay for a statewide postal increase.

The FY 2010-11 request for State Parks Operations is \$24,778,863 and 255.7 FTE. This request include a continuation base of \$24,063,248 and 260.7 FTE and includes the following adjustments: (1) a decrease of (\$36,290) to annualize the FY 2008-09 postal increase; (2) an increase of \$750,000 to reflect additional Lottery funds which will be used to help backfill a nearly \$3,000,000 budget shortfall created by various actions approved by the General Assembly, including the \$1.94 million GF reduction, a reduction of roughly \$500,000 in General Fund provided to help cover State Parks' potted expenditures, and the \$438,733 reduction takes as part of the statewide 1.82 percent personal services reduction; (3) an increase of \$438,733 to restore the 1.82 percent personal services reduction taken in FY 2009-10, and; (4) a reduction of \$426,828 and 5.0 FTE associated with the statewide OIT Staff Consolidation decision item. Details on the fund splits behind this request can be found in the Reconciliation section of the budget schedules.

(B) Great Outdoors Colorado Grants (GOCO):

The Division also has a program line for Great Outdoors Colorado Grants (GOCO), which funds the ongoing operations of state parks that were built or acquired with GOCO capital funds. Amendment 8, which created GOCO in Article XXVIII of the Colorado Constitution, was passed by the citizens of Colorado in 1992. GOCO investments through Colorado State Parks are to be used for:

- 1) Land and Water Protection - Water for recreational purposes through the acquisition of water rights or through agreements with holders of water rights, all in accord with applicable state water law.
- 2) Operations and Maintenance - Establishment & improvement of state parks and recreation areas throughout Colorado;

Line Item Description - FY 2010-11 Budget Request

3) Statewide Programs - Development of appropriate public information and environmental education resources on Colorado's natural resources at state parks, recreation areas, and other locations throughout the state; and acquisition, construction and maintenance of trails and river greenways

The funds are shown in the Long Bill for information purposes only.

(C) Special Purpose Programs

Snowmobile Program: This program is responsible for the administration and registration of snowmobiles, mandatory safety certification of young operators, enforcement of registration requirements, trail marking and signing, establishment and maintenance of snowmobile trails and related facilities.

River Outfitters Regulation: This program is responsible for the administration of the annual licensing for river outfitters, regulation of the river outfitters and ensuring the safety of river running activities through inspections. As of FY 2007-08 there are 177 commercial river outfitter companies with approximately 3,000 guides that run adventure rafting and float fishing trips on the majority of the rivers statewide. The River Outfitter Licensing Program is responsible for performing inspections on these companies to ensure river outfitters employ qualified personnel, follow appropriate operating parameters and meet minimum equipment standards to ensure customer safety.

Off Highway Vehicle Program: This program is responsible for the administration of the OHV registration and grant program. The program provides grants to federal, state and local government agencies and non-profit user groups to construct and maintain off-highway vehicle trails, parking areas, signage and maps. Grant funds are provided through registration of off-highway vehicles. The program provides information and heightens awareness of the availability of off-highway vehicle recreational opportunities, and encourages safe and responsible use of OHV's through brochures, news releases and other media. The program is also responsible for the promotion of off-highway vehicle safety through promulgation and enforcement of rules and regulations. Partnerships with land management agencies and enthusiasts are formed to leverage grant funds and promote good management of motorized recreation.

Federal Grants: This line is related to funding received from the United States Coast Guard to fund boat safety within state parks. There are currently 1.5 FTE that are non-appropriated funded from this line.

Line Item Description - FY 2010-11 Budget Request

S.B. 03-290 Enterprise Fund: This line was created through S.B. 03-290 to establish a stores revolving fund in the amount of \$200,000 which shall be maintained to acquire stock for warehousing and distributing supplies for retail sales to visitors. This fund is to remain at \$200,000 and any surplus in excess of the appropriation is transferred to the parks and outdoor recreation cash fund at the end of each fiscal year.

Systems Operation and Support: This line was the result of a non-appropriated decision item request in FY05-06 to support several administrative and line of business systems from Cash Fund Exempt sources. This line item is funded from lottery proceeds (including reserves from prior years)

Connectivity at State Parks: This line was the result of a non-appropriated decision item request in FY05-06 for connectivity at State Parks. This includes both external connectivity (from the park outward) and connectivity within the parks (at specific locations only) from lottery proceeds (including reserves from prior years).

Asset Management: This line was the result of a non-appropriated decision item request in FY 2005-06 to fund the on-going replacement of computers and other IT equipment from Cash Fund Exempt sources. This line is funded from lottery proceeds (including reserves from prior years).

Law Enforcement Equipment: This line was the result of a decision item request in FY 2007-08 to pay for the equipment needed for new park rangers. There is an average turnover of 10 rangers each year. Additionally body armor vests need to be replaced for all rangers every 5 years (approximately 25 vests are replaced annually) due to manufacturer recommendations. This line also pays for uniforms for the rangers. The appropriation for this line item is funded from lottery proceeds (including reserves from prior years).

Indirect Cost Assessment

The amount collected from this line item is used to offset the need for General Fund for overhead expenses appropriated in the Executive Director's Office. During FY 2007-08, \$1,383,414 (\$1,318,075 CF and \$65,339 FF) was appropriated for this purpose. For FY 2008-09, the Division's request is \$1,346,673 (\$1,283,075 CF received from visitor fees and \$62,823 FF). The FY 2009-10 appropriation for this line was \$1,294,669, including \$1,222,324 CF and \$72,345. The FY 2010-11 request is for \$1,300,511 TF, including \$1,221,611 CF and \$78,900 FF.

(7) COLORADO WATER CONSERVATION BOARD

(A) ADMINISTRATION

PERSONAL SERVICES

The Fiscal Year 2008-09 Long Bill (HB 08-1375) appropriation for Personal Services totaled \$2,939,094. There were 31.0 FTE assigned to this portion of the Long Bill. The funding increase, over Fiscal Year 2007-08, in this line item is related to the Common Policies. An additional FTE was approved via the decision item process in Fiscal Year 2007-08 for a Hydrographer (Professional Engineer II) for the Instream Flow Protection Section, bringing the FTE total to 31.0 for FY 2008-09. During Fiscal Year 2008-09, a supplemental bill (SB 09-195) reduced this line to \$2,880,293 to create savings during the State's hiring freeze. The Fiscal Year 2009-10 Long Bill (SB 09-259) appropriation is for \$2,981,923 and 31.0 FTE.

The FY 2010-11 Base Request is for \$2,959,337 and 30.0 FTE, which includes a restoration of the 1.82% reduction in the amount of \$55,210 and a reduction of \$77,796 and 1.0 FTE associated with the statewide OIT Staff Consolidation decision item.

OPERATING EXPENSES

The Operating Expenses line item was appropriated \$100,027 in the Fiscal Year 2008-09 (HB 08-1375) and was reduced to \$95,677 for the Fiscal Year 2009-10. The adjustments were: 1) supplemental bill (SB 09-195) for a statewide cellular phone reduction (\$127), 2) Postal increase of \$670, 3) annualization of Decision Item #10 ("Hydrographer and Vehicle") for (\$3,455), and 4) a transfer of funds from the Operating Expenses line item to Leased Space for vehicle parking via Decision Item #11 (Leased Vehicle space) of (\$1,260). These adjustments brought the FY 2009-10 appropriation in the Long Bill (SB 09-259) to \$95,677. The Base Request for FY 2010-11 will total \$95,007, which includes a reduction for a statewide decision item for "Postage Increase and Mail Equipment Upgrade."

INTERSTATE COMPACTS AND WESTERN STATES WATER COUNCIL DUES (appearing in the Long Bill as two separate line items)

Funding from the Interstate Compacts line item helps the CWCB to maintain the State's ability to utilize and develop its entitlements under interstate compacts and equitable apportionment decrees in accordance with state water law. In FY 2006-07, the Interstate Compacts line item was appropriated \$289,536 and the Western States Water Council Dues line was appropriated \$25,000 (SB 05-209

Line Item Description - FY 2010-11 Budget Request

and HB 06-1385 respectively). Via the Decision Item process, an additional \$43,397 was approved to pay an increase of \$23,397 in dues assessed by the Upper Colorado River Commission, Arkansas River Compact Administration, Colorado River Salinity Control Forum, and Western States Water Council (WSWC) and, an additional \$20,000 for participation in and implementation of activities associated with the Seven Colorado River Basin State Agreement. This brought the total appropriation to \$330,433 for Interstate Compacts and \$27,500 for the Western States Water Council Dues for FY 2007-08.

In FY 2008-09, the Interstate Compacts line received additional funding, via the decision item process, in the amount of \$19,904 to cover the increase in dues for 1) the Arkansas River Compact Administration Association (ARCA), 2) the Upper Colorado River Commission, and 3) the Colorado River Salinity Control Forum. The total appropriated amount for the Interstate Compacts line for FY 2008-09 was \$350,337. During FY 2008-09, the Interstate Compacts line was reduced by \$111 via a supplemental bill (SB09-195) for a statewide cellular phone reduction. The FY 2009-10 appropriation for the Interstate Compacts line is \$350,071 and \$27,500 for the Western State Water Council Dues line item in the Long Bill (SB 09-259).

The Base Request for FY 2010-11 will be \$350,071 for the Interstate Compacts line and at \$27,500 for Western States Water Council Dues.

RIVER DECISION SUPPORT SYSTEMS

The Long Bill line item for the River Decision Support Systems (RDSS) provides funding to the CWCB to support Colorado's Decision Support Systems (CDSS). The CDSSs are water management systems being developed by the CWCB and the Division of Water Resources for each of Colorado's major water basins. The goals of CDSS are:

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

Line Item Description - FY 2010-11 Budget Request

The Fiscal Year 2008-09 Long Bill (HB 08-1375) appropriation for the River Decision Support Systems line item was \$534,728. This line item supports 5.0 FTE associated with RDSS. The FY 2009-10 Long Bill (SB 09-259) appropriation is \$551,540 and the FY 2010-11 Base Request is for \$462,068 and 4.0 FTE (including a reduction of \$89,472 and 1.0 FTE associated with the statewide OIT Staff Consolidation decision item).

The total Base Request for FY 2010-11, for all items in the (A) Administration Line portion of the Long Bill is \$3,893,983 and 34.0 FTE.

(B) Special Purpose

WATER SUPPLY MANAGEMENT, DEVELOPMENT, AND IMPLEMENTATION ASSISTANCE

In Fiscal Year 2006-07, via the Decision Item process, this new Long Bill Line item (i.e., Program) was approved. It appeared for the first time in HB 06-1385. In 2003, the Colorado General Assembly recognized the critical need to understand and better prepare for our long-term water needs, and authorized the Colorado Water Conservation Board (CWCB) to implement the Statewide Water Supply Initiative (SWSI). The overall objective of SWSI is to help Colorado maintain an adequate water supply for its citizens and the environment. On the heels of the SWSI study, the Water Supply Management, Development, and Implementation Assistance Program was approved to acquire and provide broad technical expertise in water use, water availability, water rights, water supply infrastructure design and costing, as well as for facilitation and meeting coordination. Work is being completed to address both tracking and supporting projects and processes slated to meet 80 percent of Colorado's 2030 water needs, and to develop alternatives to meet the unmet 20 percent gap between supply and water need.

In 2006, to help address Colorado's future water needs, the Colorado General Assembly passed Senate Bill 06-179, which establishes the Water Supply Reserve Account (Account). The Account provides money for grants and loans to complete water activities. Water activities are broadly defined and include water supply and environmental projects and/or studies. Requests for monies from the Account must be approved by Basin Roundtables established under Section 37-75-104 Colorado Revised Statutes. Once approved by the Basin Roundtable the request is forwarded to the Colorado Water Conservation Board (CWCB) to evaluate and make decisions regarding funding. The Water Supply Management, Development, and Implementation Assistance Program receives and processes all applications for approval by the CWCB Board members.

Line Item Description - FY 2010-11 Budget Request

In addition, in 2006, the Section changed its name from the Water Supply Management, Development, and Implementation Assistance Program to the **Intrastate Water Management and Development** section which more appropriately reflects the type of work performed and completed. A footnote reflecting this change appears at the bottom of the *Schedule 3* document for the FY 2008-09 request.

The Fiscal Year 2008-09 Long Bill (HB 08-1375) appropriation for this line item totaled \$470,980. During FY 2008-09, the line item base was \$470,469 and the line item was reduced for a statewide cellular phone reduction via a supplemental bill (SB 09-195). Under SB 09-259, the appropriation for FY 2009-10 is \$470,464 and this amount will remain unchanged for the Base Request for FY 2010-11 at \$470,464.

FEDERAL EMERGENCY MANAGEMENT ASSISTANCE

This is a federally funded program that provides flood plain mapping and information about flood prevention. In FY 05-06, via the Decision Item process, the CWCB received an increase of \$99,248 for additional moneys for flood plain mapping and flood prevention services. These additional moneys fund a 25% state and 75% federal funded FTE. The Base Request for FY 2010-11 will be \$146,120 and 2.0 FTE. The sum includes \$13,941 cash funds and \$132,179 federal funds.

WEATHER MODIFICATION

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

WATER CONSERVATION PROGRAM

The Long Bill line item for the Water Conservation program funds the Office of Water Conservation and Drought Planning (OWCDP). This section promotes water use efficiency while providing public information and technical and financial assistance for water conservation planning. The OWCDP also promotes drought planning by encouraging and assisting communities to prepare and implement drought mitigation plans and by monitoring drought impacts and informing the public, media, and state officials.

The Fiscal Year 2008-09 Long Bill (HB 08-1375) appropriation for the Water Conservation Program line item was \$270,548 and supported 4.0 FTE. Via the decision item process, the Section received an additional 1.5 FTE and funding for the FTE, thereby increasing the appropriation over the previous fiscal year. During FY 2008-09, a supplemental bill (SB 09-195) reduced the line to \$246,439 for that fiscal year for vacancy savings required by the State's hiring freeze, a statewide cellular phone reduction, and annualization of a Decision Item for Drought Planning Staff. The FY 2009-10 Long Bill (SB 09-259) appropriation is for \$274,042. The FY 2010-11 Base Request is for \$289,002, which includes appropriations of \$14,280 for a FY 2009-10 Special Bill (HB09-1129) and \$680 for annualization of this "Precipitation Harvesting Pilot" bill.

H.B. 05-1254 WATER EFFICIENCY GRANT PROGRAM

The Water Conservation Act of 2004, adopted by the 2004 Colorado General Assembly under HB 04-1365, not only expanded the responsibilities of the Office of Water Conservation & Drought Planning (OWCDP) to include providing technical assistance for drought planning, but it also added additional plan elements required of all water conservation plans submitted for State approval. Following on the heels of the 2002 drought, the legislature recognized the need to provide a strong incentive for conservation and drought planning. Thus, they created a mechanism for the Colorado Water Conservation Board, through the OWCDP, to provide grant monies for water conservation and drought mitigation planning.

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

Line Item Description - FY 2010-11 Budget Request

The Long Bill line item is funded from the Water Efficiency Grant Program Cash Fund created in Section 37-60-126 (12) (a), C.R.S. The Fiscal Year 2008-09 Long Bill (HB08-1375) appropriation for the H.B. 05-1254 Water Efficiency Grant Program line item was \$600,029. The FY 2009-10 Long Bill (SB09-259) appropriation is for \$600,029, which includes \$82,749 for salary and operational costs for 1.0 additional FTE, which was authorized via SB 07-008. The FY 2010-11 Base Request will remain at \$600,029 and 1.0 FTE.

In addition, under SB 09-125, a funding change was made such that the program's appropriation from the Water Efficiency Grant Fund was reduced by \$100,000 and was backfilled in the same bill with \$100,000 out of the CWCB Construction Fund. The Department recommends changing the letter note for FY 2010-11 and thereafter, to include the following language: "Of this amount, \$500,029 shall be from the Water Efficiency Grant Program Cash Fund created in Section 37-60-126 (12) (a), C.R.S. and \$100,000 shall be from reserves in the Colorado Water Conservation Board established pursuant to Section 37-60-121 (1) (a), C.R.S.

SEVERANCE TAX FUND

Producers of gas, oil, coal, metals, and molybdenum pay a severance tax and the funds go into a State Severance Tax Trust Fund. After July 1995, one-quarter of the revenue goes into an Operational Account in the Fund. Programs supported by the Operational Account must promote natural resource planning, management, and development related to minerals, energy, geology, and water. The legislature may appropriate funds from the Operational Account as follows:

- Colorado Oil and Gas Conservation Commission 40%
- Colorado Geological Survey 20%
- Division of Minerals and Geology 25%
- Colorado Water Conservation Board 5%
- Division of Parks and Outdoor Recreation 5%
- Division of Wildlife 5%

The CWCB annually prepares an Operational Account expenditure proposal comprised of agency initiatives and grant requests submitted by other parties. These proposals are forwarded to the state Minerals, Energy and Geology Policy Advisory Board (MEGA)

Line Item Description - FY 2010-11 Budget Request

Board for review and approval. MEGA Board recommendations are forwarded to the CWCB Board and the DNR Executive Director for review and approval. Then, they are included in the DNR's annual budget request.

The Fiscal Year 2008-09 Long Bill (HB 08-1375) appropriation for the Severance Tax Fund line item was \$1,275,500. In FY 2009-10, the Long Bill (SB09-259) appropriation is unchanged at \$1,275,500 and the FY 2010-11 Base Request is for \$1,275,500, which represents the same requested amount as the previous fiscal year.

INTERBASIN COMPACTS

H.B. 05-1177 Negotiation of Interbasin Compacts created nine permanent basin roundtables to develop a common understanding of existing water supplies and future water supply needs and demands throughout Colorado, and possible means of meeting those needs. To help accomplish this goal, local interest groups and water experts were assembled in each of Colorado's eight major river basins, plus a sub-region in the metro Denver area. These "Basin Roundtables" included municipal users, agricultural users, local governments, water conservation and conservancy districts, recreational and environmental interests, and the business community. The focus of the Basin Roundtable meetings was information exchange on water use and on consensus building. In FY 2007-08, all funding and 0.5 FTE from H.B. 05-1177 were transferred to the new line item called "Interbasin Compacts."

H.B. 06-1400 Interbasin Compacts was approved during the 2006 Legislative Session. This bill altered the boundaries that defined certain western slope basin roundtables and made an appropriation from the Severance Tax Trust Fund to create the Office of Compact Negotiations. By combining the funding and FTE from H.B. 05-1177, this created a FY 2007-08 Long Bill (SB 07-239) line item appropriation in the amount of \$1,108,425 and 1.7 FTE.

In FY 2008-09, the Long Bill (HB 08-1375) appropriation for this line item included funding for 2.0 additional FTE that were approved via the decision item process. The FTE assist in the implementation of the Water for the 21st Century Act and the Water Supply Reserve Account (created by Senate Bill 06-179). The funding for these 2.0 FTE and operating costs came from existing cash funds from the Interbasin Compact's line item in the CWCB.

Under HB 08-1398 (Severance Tax Operational Account transfers), the appropriation for operation of the Interbasin Compact Committee and the associated roundtables was taken "off budget" by creating an Interbasin Compact Committee Operation Fund, and providing the CWCB with the continuous appropriation of moneys in the fund (see Section 37-75-107, C.R.S. (2009)). However, the

Line Item Description - FY 2010-11 Budget Request

CWCB still needs an appropriation for the 3.7 FTE for this program. As such, the Department recommends including in the Long Bill the \$1,145,067 authorized pursuant to Section 39-29-109.3 (2) (i). Such appropriation would authorize 3.7 FTE and include a letternote that reads roughly as follows: "This amount is continuously appropriated pursuant to Sections 39-29-109.3 (2) (i) and 37-75-107, C.R.S. and is shown for informational purposes only."

Starting in FY 2009-10, the funding for the 3.7 FTE and their associated operational costs were moved and these expenses are now paid from reserves in the Colorado Water Conservation Board Construction Fund established pursuant to Section 37-60-121 (1) (a), C.R.S. The Base Request for FY 2010-11 is \$1,145,067 and 3.7 FTE, including \$400,000 in reserves from the CWCB Construction Fund and \$745,067 from the Operational Account of the Severance Tax Trust Fund. The \$745,067 is continuously appropriated to the CWCB pursuant to Section 37-75-107, C.R.S. (2009) and is shown for informational purposes only.

PLATTE RIVER BASIN COOPERATIVE AGREEMENT

Colorado became a participant in the Platte River Endangered Species Cooperative in 1997. The Cooperative Agreement is a three-year agreement signed by the governors of Wyoming, Colorado, and Nebraska and by the Secretary of the Interior to address the protection and restoration of various endangered species habitats along the North Platte River. The Long Bill appropriation to this line item supports 1.0 FTE and contractual personal services for ongoing administration of the program and Colorado's portion of contract technical support.

The Fiscal Year 2008-09 Long Bill (HB 08-1375) appropriation for the Platte River Basin Cooperative Agreement line item was \$238,598 and supports 1.0 FTE. During FY 2008-09, a supplemental bill (SB 09-195) reduced the line to \$238,166 for that fiscal year for a statewide cellular phone reduction. The FY 2009-10 Long Bill (SB 09-259) appropriation is \$233,418, which includes a reduction for costs associated with the Colorado State Fair, in which the Department no longer participates. The FY 2010-11 Base Request is for \$233,418 and 1.0 FTE.

S.B. 02-87 COLORADO WATERSHED PROTECTION FUND

Senate Bill 02-087, adopted by the 2002 Colorado General Assembly, establishes the Colorado Watershed Protection Fund (CWPF). The legislation authorized the Fund to be added to the Colorado Individual Income Tax Refund Check-off Program to give taxpayers

Line Item Description - FY 2010-11 Budget Request

the opportunity to voluntarily contribute to watershed protection efforts in Colorado. Watershed groups need to apply to the CWPF by April 30th of each year.

The Fiscal Year 2008-09 Long Bill (HB 08-1375) and FY 2009-10 Long Bill (SB 09-259) appropriations for this line item was \$119,942 for each fiscal year. The FY 2010-11 Base Request is for \$119,942, which represents the same request amount for the previous fiscal year.

INDIRECT COST ASSESSMENT

The Indirect Cost Assessment supports activities in the DNR Executive Director's Office. In the FY 2008-09 Long Bill (HB 08-1375), the line item appropriation was \$461,427, which included \$6,247 in Federal Funding. The FY 2009-10 Long Bill (SB 09-259) appropriation totals \$481,731, which includes \$9,189 in Federal Funds. The Base Request for FY 2010-11 will be \$481,731 (\$472,542 in Cash Funds and \$9,189 in Federal Funds).

The total Base Request for FY 2010-11, for all items in the (B) Special Purpose Line portion of the Long Bill is \$4,794,195 and 11.7 FTE.

The total Base Request for FY 2010-11 for the Colorado Water Conservation Board portion of the Long Bill is \$8,688,178 and 45.7 FTE.

(8) DIVISION OF WATER RESOURCES

PERSONAL SERVICES

This Division, also called the Office of the State Engineer, is primarily responsible for administration of water resources. The majority of the budget is dedicated to Personal Services expenses. Employees of the Division perform the following functions:

- Daily oversight of water allocation within the state and downstream interstate Compact compliance, monitoring of water supply through streamflow measurements, and groundwater regulation.
- Protection of public safety through regulating dam safety and groundwater well construction.
- Oversight of seven field offices that monitor and distribute water based on priority, as well as ensure dam safety. Activities performed include dam inspections, well permitting, community education and involvement, consultation with water suppliers and conservation districts, and ongoing administration of interstate compacts and federal decrees.
- Collection, preservation, and provision of historic water records and information.

The Water Resources Division has historically been funded primarily from the General Fund. The majority of the Division's General Fund appropriation is attributable to personal services costs. Following is a history of this appropriation, beginning with FY 2007-08.

The total appropriation for **FY 2007-08** was **\$18,291,158 and 266.4 FTE**. This includes the following:

- A FY 2006-07 appropriation of \$17,696,077 and 261.1 FTE.
- A common policy adjustment of \$248,866.
- Implementation of H.B. 06-1124 that provides 0.2 FTE and \$13,157 in Ground Water Management Funds to administer a crop rotation program, and additional Ground Water Management Funds of \$4,257 to annualize the effects of this legislation for FY 2007-08.
- Elimination of \$97,432 in General Funds and 2.0 FTE, in accordance with FY 1999-2000 Decision Item #15 to reduce the backlog of Final Well Permitting work.

Line Item Description - FY 2010-11 Budget Request

- Decision Item #3 provided \$390,157 in General Funds and 7.1 FTE to address an increase in workload. Of the 7.1 FTE, 5.1 are for field administration staff and 2.0 FTE for hydrographers responsible for providing stream flow data used by water commissioners.
- The annualization of FY 2006-07 Decision Item # 3 required appropriation of \$36,076 in General Funds to account for the pay-date shift.

The total appropriation of \$18,291,158 and 266.4 FTE includes \$17,775,224 in General Funds, \$500,121 in Cash Funds from the Ground Water Management Fund and the Well Inspection Fund, and \$15,813 in Cash Funds Exempt from the Ground Water Management Fund reserves.

The total appropriation for **FY 2008-09** was **\$18,355,927 and 263.6 FTE**. This includes the following:

- A FY 2007-08 appropriation of \$18,291,158 and 266.4 FTE.
- A common policy adjustment of \$778,602.
- The annualization of FY 2007-08 Decision Item #3 (DWR Personal Services) required appropriation of \$27,468 in General Funds to account for pay-date shift.
- A Personal Services Base Reduction of \$190,972.
- A reallocation of 2.8 FTE and \$140,727 in personal services to adequately support a well measurement program to assist in compliance with the Republican River Compact (moved to the Republican River Compact line).
- A cash appropriation of \$7,855 (SB-08-169) to review permit applications for uranium mining.
- A mid-year supplemental reduction (SB 09-195) of \$417,457 in response to the economic crisis. Most of the reduction accrued from the effects of a hiring freeze.

The total appropriation of 18,355,927 and 263.6 FTE includes \$17,832,849 General Funds and \$523,078 in cash funds from the Well Inspection Fund, and from the Ground Water Management Fund.

The total appropriation for **FY 2009-10** was **\$18,926,874 and 261.4 FTE**. This includes the following:

- A FY 2008-09 appropriation of \$18,355,927 and 263.6 FTE.
- A common policy adjustment of \$648,439.

Line Item Description - FY 2010-11 Budget Request

- The annualization of FY 2008-09 Decision Item #4 (Republican River Compact Compliance) of (\$13,182) and (0.2 FTE).
- A base reduction request (BR #1-Online Water Information) that transfers \$84,000 in spending authority from the Personal Services line to the Operating Expense line. This request recognizes the elimination of personnel expense associated with providing water data to the public; the agency can now provide this data on-line, thus reducing historical personnel cost to provide this data in person. This reduction also allowed for the elimination of 2.0 FTE.
- Restoration of \$395,035 that was eliminated by SB-09-195 to respond to the economic crisis; most of the reduction was related to the hiring freeze.
- A reduction of \$23,103 which was reallocated to OIT to pay administration expenses.
- A personal services reduction of 1.8% (\$352,242) to compensate for an anticipated shortfall in General Fund revenue due to the economic crisis.

The base request for **FY 2010-11** is **\$18,133,219 and 243.1 FTE**. It is comprised of \$17,608,791 in General Funds and \$524,428 in cash funds. It includes:

- The FY 2009-10 appropriation of \$18,926,874 and 263.6 FTE.
- The restoration of the personal services cut of \$352,242.
- Annualization of an August, 2009 supplemental reduction request of (\$340,061) and (5.3 FTE) to compensate for a projected continuing shortfall of General Fund revenue.
- A reduction of \$805,836 GF and 13 FTE associated with the statewide OIT Staff Consolidation decision item.

OPERATING EXPENSES

This line item provides operating support for all Division employees in the personal services line item. It is largely supported with General Fund, but also contains cash funds from the Water Data Bank Cash Fund, the Publication Cash Fund, and the Groundwater Publication Cash Fund, and the Ground Water Management Fund. Following is a history of this appropriation, beginning with FY 2007-08.

The total appropriation for **FY 2007-08** is **\$1,650,957**. This includes the following:

Line Item Description - FY 2010-11 Budget Request

- The FY 2006-07 appropriation of \$1,518,586.
- A supplemental request that transferred \$10,000 in moving expense cost from FY 07 to FY 08, due to a delay in the construction of a new building for Glenwood Springs Office staff.
- Decision Item #3A for \$93,553 in Cash Funds Exempt from the Ground Water Management Fund reserves to fund for one-year only increases in the reimbursement rate for personal mileage.
- FY 2007-08 Decision Item #3 to provide \$101,718 in General Funds for one-time capital costs and annual operating costs for the additional of 7.1 FTE.
- FY 2006-07 Decision Item #3 reduction of \$59,500 in General Funds for one-time capital costs.
- FY 2007-08 Decision Item # 19 is a reduction of \$3,400 in General Funds to reflect a reduction in net mileage expenses, with the acquisition of 5 new state-leased vehicles.

The total appropriation of \$1,650,957 includes \$1,062,896 in General Funds, \$403,979 in Cash Funds from various DWR cash funds, and \$184,082 Cash Funds Exempt from various DWR Cash funds (primarily the Ground Water Management Fund).

The total appropriation for **FY 2008-09** is **\$1,456,384**. This includes the following:

- The FY 2007-08 appropriation of \$1,650,957.
- FY 2007-08 Decision Item #3 reduction of \$61,618 General Funds for one-time capital costs and a reduction of \$500 General Funds for mileage expenses.
- FY 2007-08 Decision Item # 19 annualization reduction of \$9,800 in General Funds to account for efficiencies in mileage operating costs associated with the acquisition of new vehicles.
- FY 2007-08 Decision Item #3A mileage reimbursement reduction of \$93,553 in Cash Funds Exempt from the Ground Water Management Fund for the FY 08 one-time appropriation.
- FY 2007-08 annualization reduction of \$10,000 General Funds for one-time moving costs for Glenwood Springs Office.
- Decision Item #3 Vehicle Operating Expenses of \$89,663 and Decision Item #4 reduction of \$24,670 for Republican River Compact Compliance.
- A one-time reduction of \$84,095 implemented with a supplemental bill (SB 09-195) to address a shortfall in General Fund revenue.

The total appropriation of \$1,456,384 includes \$932,876 in General Funds and \$523,508 from various sources of DWR cash funds.

Line Item Description - FY 2010-11 Budget Request

The total appropriation for **FY 2009-10** is **\$1,455,484**. This includes the following:

- The FY 2008-09 appropriation of \$1,456,384.
- FY 2008-09 Decision item #4 (Republican River Compact Compliance) annualization of \$3,088.
- Annualization of SB 09-195 supplemental, to include S-2 Cellular Phone Plan Cost reduction of (-\$4,020), and BA-2 End Department participation in State Fair (-\$3,555)
- NP-1 Postal Increase, \$3,587.
- BR-1 Online water information that refinances \$84,000 in cash spending authority with \$84,000 in General Fund spending authority, reallocated from the personal services line.

The total appropriation of \$1,455,484 includes \$1,015,976 in General Funds and \$439,508 from various sources of DWR cash funds.

The total base request for **FY 2010-11** is \$1,429,847. This is comprised of \$990,339 in General Funds and \$439,508 in cash funds. It includes:

- The FY 2009-10 appropriation of \$1,456,384
- Annualization of a FY 2009-10 Statewide Decision item “Postage Increase and Mail Equipment Upgrade” of (-\$3,587).
- Annualization of an August, 2009 supplemental reduction request of (-\$22,050) which eliminates all operating expenses associated with a personal services reduction of 5.3 FTE.

INTERSTATE COMPACTS

The United States government, pursuant to interstate compact agreements, assesses the Costilla Creek Compact administrative costs. Pursuant to statute, both the Division of Water Resources and the Water Conservation Board participate in various capacities in interstate water compacts and related associations. The interstate organizations were established to promote communication between state and federal agencies, in support of compact agreements. This line item supports compact dues as well as travel and other expenses associated with the State Engineer and/or his designate(s)' representation of Colorado at the various compact commissions. For FY **2007-08**, **FY 2008-09**, and **FY 2009-10** the appropriation for this line item was \$76,002 in General Funds. The Division requests a continuation in appropriation of \$76,002 General Funds for the Interstate Compacts line item in **FY 2010-11**.

REPUBLICAN RIVER COMPACT COMPLIANCE

This line item funds the salary expenses of 1.0 F.T.E. to work on the Republican River Compact in order to address Colorado's obligations under the Republican River Compact and the Final Settlement Stipulation, approved on December 15, 2002, by the United States Supreme Court in Kansas v. Nebraska and Colorado, No. 126 Original. The Republican River Compact was ratified in 1942 by the states of Colorado, Kansas, and Nebraska to provide an equitable mechanism to divide the water tributary to the Republican River Basin. The historical allocation of available waters among the three states is based on the application of beneficial use, which included both streamflow diversions and alluvial groundwater pumping. Interim decisions by the Special Master in the case who was appointed to hear the interstate lawsuit and the Final Settlement Stipulation approved by the U.S. Supreme Court, expanded the contributory sources of water supply (streamflows and alluvial ground water) used in the calculation of each state's consumptive use and compact compliance to include ground water stored in the Ogallala aquifer. Prior to this decision to include this ground water, Colorado's 30,000 acre-feet consumptive use per year was less than our 54,100 acre-feet allocation under the compact. However, including the consumptive use from all ground water wells, combined with the seven year drought in the eastern high plains has caused Colorado to exceed its Republican River Compact allocations. The Final Settlement Stipulation requires Colorado to perform numerous tasks to address compliance with the compact and the Supreme Court decision.

The appropriation for **FY 2007-08** was \$46,047 in General Funds and 1.0 FTE.

The appropriation for **FY 2008-09** is \$297,736 and 4.7 FTE. It is comprised of \$203,736 in General Funds and \$94,000 in cash funds from the Well Enforcement Fund. This includes:

- The FY 2007-08 appropriation of \$46,047.
- FY 2008-09 Decision item #4 (Republican River Compact Compliance) of \$270,697 General Funds and 3.7 FTE.
- 0.3 FTE and \$2,513.
- A hiring freeze reduction of (\$19,008) implemented by SB09-195.
- A one-time refinance of \$94,000 in General Funds with Well Enforcement Cash Fund reserves (SB09-195).

The appropriation for **FY 2009-10** is \$321,012 General Funds and 5.0 FTE. It includes:

- The FY 2008-09 appropriation of \$297,736.
- Annualization of FY 2008-09 Decision item #4 (Republican River Compact Compliance) of \$2,513.
- Annualization of Salary Survey awarded in FY 2008-09 of \$1,245.
- Annualization of Performance Pay Awarded in FY 2008-09 of \$510.
- Add back of FY 2008-09 Hiring Freeze Savings (SB 09-195) of \$19,008.

Line Item Description - FY 2010-11 Budget Request

The Division's base request for **FY 2010-11** of \$321,012 in General Funds and 5.0 FTE represents continuation funding.

SATELLITE MONITORING SYSTEM

This line item supports satellite-linked water resource monitoring stations throughout the state. This system provides "real-time" stream flow information that is used by the Division, consumptive water users such as agricultural users, and other interested persons such as rafters and anglers. Stations record stream flow, and transmit the information to a database. Once on the database, the information is accessible via computer, telephone, and the Internet. Cash revenue is generated through fees from local conservancy districts, water users, user associations, and municipalities, pursuant to Section 37-80-111.5, C.R.S. (2008).

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

A large number of these locations are essential to the early flood warning system, low flow warning system, critical water rights, and interstate compacts. The data collected by this program are valuable in drought periods. A major portion of the Satellite-Linked Monitoring System appropriation, approximately 51 percent, is used for personal services, including wages for an electronics technician and a satellite monitoring system coordinator. The electronics technician is responsible for the repair and maintenance of existing gauging sites, as well as the installation of any new stations that may be required. The Satellite-Linked Monitoring System coordinator handles the coordination of the Division's Satellite-Linked Monitoring System within the agency, and with other state, county, and federal agencies in an ongoing effort to keep the Satellite-Linked Monitoring System operating efficiently. The balance is used for the purchase of supplies necessary for the maintenance and upkeep of the gauging sites and mileage for the technician to travel to and from the many sites.

The appropriation for **FY 2007-08** was \$361,603 and 2.0 FTE. This includes \$261,603 and 2 FTE in General Funds, \$94,443 in cash funds from the Satellite Monitoring Fund, and \$20,557 from the Satellite Monitoring Fund reserves.

Line Item Description - FY 2010-11 Budget Request

The appropriation for **FY 2008-09** was \$367,942 and 2.0 FTE. It is comprised of \$205,053 in General Funds and \$162,889 in cash funds from the Satellite Monitoring Fund. This includes:

- The FY 2007-08 appropriation of \$361,603.
- A common policy adjustment of \$7,446.
- A General Fund reduction of \$1,107 (SB09-195) related to a cellular phone cost reduction plan.
- A refinance (one-time only) of \$48,000 in General Fund expenses with cash reserves from the Satellite Monitoring Fund.

The appropriation for **FY 2009-10** was \$402,599. It consists of \$ 257,710 in General Funds and \$144,889 in cash funds from the Satellite Monitoring Fund. It includes:

- The FY 2008-09 appropriation of \$367,942.
- Restoration of the cell phone savings for FY 2008-09 supplemental (SB-09-195), \$1,107.
- S-2 Cellular Phone plan reduction for FY 2009-10, (\$1,898).
- Annualization of performance awards granted for FY 2008-09, \$1,845.
- Annualization of salary survey granted for FY 2008-09, \$3,603.
- Decision item # 12 Satellite Monitoring System, \$30,000.

The base request for **FY 2010-11** is continuation of funding of \$402,599, comprised of \$197,710 in General Funds and \$204,889 in cash funds provided by the Satellite Monitoring Fund. This request includes an annualization of a FY 2009-10 August supplemental request and would, in FY 2010-11, refinance \$60,000 of General Fund expenses with \$60,000 in cash funds from the Satellite Monitoring Fund. This will be accomplished by obtaining cooperators to pay a monthly fee of \$100 for support of 50 gages that are not currently supported by fees.

AUGMENTATION OF WATER FOR SAND AND GRAVEL EXTRACTION

This line item supports contracts for the evaluation of augmentation plans for extraction of sand and gravel, which are required by Section 37-90-137 (11) (a) and (b), C.R.S. (2009). Sand and gravel pit owners (applicants) must submit water augmentation plans. By statute, these plans must be reviewed by the Water Resources Division. Fees are collected from applicants obtaining a well permit for exposing ground water in the process of sand and gravel extraction. House Bill 06-1293 increased fees charged for obtaining a groundwater pumping permit, reactivating a mining operation, reviving an approved but expired water supply plan, and resubmitting a

Line Item Description - FY 2010-11 Budget Request

disapproved substitute water supply plan. The bill also increased fees for renewing a groundwater well pumping permit. This bill increased the Division's appropriation by \$9,400 from \$35,000 in **FY 2005-06** (and previous years) to \$44,400 in **FY 2006-07**, and subsequent years. The Division requests a continuing level of funding of \$44,400 in Cash Funds for **FY 2010-11**. The source of funding is the Gravel Pit Lakes Augmentation Fund authorized in Section 37-90-137 (11) (f), C.R.S. (2009).

EMERGENCY DAM REPAIR

Pursuant to Section 37-87-108.5, C.R.S. (2009), this appropriation provides funding to the State Engineer in the event emergency action is necessary to repair a dangerous or threatened dam. Cash funds are from the emergency dam repair cash account within the Water Conservation Board Construction Fund. Pursuant to Section 37-60-122.5, C.R.S. (2009), a maximum amount of \$50,000 is continuously appropriated for this purpose. Funds expended are recoverable from the dam owner. There has been no event requiring the use of these funds to date, but the appropriation reflects the continuous spending authority should a need arise. The request is for a continuation in appropriation of \$50,000 for **FY 2010-11**.

FEDERAL GRANT

This line reflects the federal grants anticipated to be received. Part of the funding is from the Federal Emergency Management Agency (FEMA) to support the Division's Dam Safety program and there are small sums from the U.S. Bureau of Reclamation to support a water project in the San Luis Valley and provide gauging station maintenance for the Williams Fork gauge in northwestern Colorado. Beginning in FY 2009-10, the agency received a new grant for \$50,000 from the USGS to be expended over two years; this grant is designed to support the stewardship of Colorado water data that is incorporated within the National Hydro Data Stewardship Project.

The total appropriation for FY 2007-08 was \$79,595.

The total appropriation for FY 2008-09 was \$84,000; this represents a small increase in funding, primarily from FEMA.

The total appropriation for FY 2009-10 was \$94,782. Again, this represented an increase, primarily from FEMA.

The base request for FY 2010-11 is \$133,812. This reflects an additional \$25,000 received for the National Hydro Data Stewardship project, and increased support for existing grants, primarily from FEMA.

RIVER DECISION SUPPORT SYSTEM

The River Decision Support System represents a statewide decision support system for the Colorado, Rio Grande, South Platte, and Arkansas River Basins. The system has been implemented and is under maintenance for the Colorado and Rio Grande Rivers. The Department is in the final phase of development for the South Platte River Decision Support System. A contractor has been hired to design a plan for development of the Arkansas River Decision Support System. The system consists of databases and models that

Line Item Description - FY 2010-11 Budget Request

facilitate decision making related to interstate compacts, water resource planning, and water rights administration, through use of historic data and a geographic information system.

Water Management in the State of Colorado is governed by a series of interstate compacts, international treaties, state and federal laws, and U.S. Supreme Court decrees. In 1993 the Colorado legislature authorized the Colorado Water Conservation Board (CWCB) and the Division of Water Resources (DWR) to design and construct a system for the Colorado River drainage. In 1997, an extension of this system was authorized for the Rio Grande basin. In 2002, an extension of this system was authorized for the South Platte basin. Long range plans include the Arkansas River Basin and thereby provide complete statewide coverage. These systems are collectively known as the Colorado's Decision Support Systems (CDSS). The principle goal of the CDSS system is to provide the capability to provide factual information on which to make informed decisions concerning the management of Colorado water. The CDSS has provided significant benefits to the State of Colorado (Division of Water Resources, and Colorado Water Conservation Board), and the water user community, including agriculture, recreation (anglers, rafting, boating), safety, and conservation. Direct benefits include allowing decision-makers access to water resource data to simulate potential decisions and policies and examine potential consequences related to the following:

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

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

Line Item Description - FY 2010-11 Budget Request

For **FY 2007-08**, the Division received an appropriation of \$366,747 and 4.0 FTE from the Colorado Water Conservation Board Construction Fund.

For **FY 2008-09**, the Division received \$346,286 cash funds from the Colorado Water Conservation Board Construction Fund and 4.0 FTE. This consists of:

- The FY 2007-08 appropriation of \$366,747.
- A common policy adjustment of \$12,508.
- A reduction of \$32,969 (SB-09-195) for savings from the hiring freeze.

For **FY 2009-10**, the Division received \$391,300 cash funds from the Colorado Water Conservation Board Construction Fund and 4.0 FTE. This consists of:

- The FY 2008-09 appropriation of \$346,286.
- Salary survey of \$8,837 awarded in FY 2008-09.
- Performance awards of \$3,208 awarded in FY 2008-09.
- Add back of hiring freeze savings, \$32,969.

The base request for **FY 2010-11** is for funding of \$208,516 from the Colorado Water Conservation Board Construction Fund and 2.0 FTE. This request includes continuation funding of \$391,300 and 4.0 FTE, which is reduced by \$182,784 and 2.0 FTE under the statewide OIT Staff Consolidation decision item.

TEMPORARY INTERRUPTIBLE WATER SUPPLY AGREEMENTS

House Bill 03-1334 enabled water users to transfer the historical consumptive use of an absolute right for application to another type or place of use on a temporary basis, without permanently changing the water right. The legislation authorized the State Engineer to approve and administer interruptible water supply agreements that permit a temporary change in the point of diversion, location of use, and type of use of any absolute water right without the need for adjudication. In **FY 2005-06**, the funding associated with this legislation was separated out into its own line item, pursuant to the Division's request. The funding will only be expended in this area upon the request for the temporary interruptible water supply agreement and hence the revenues would be raised. No requests have been received by the Division since enactment of the legislation in 2003. The request is for a continuing level of funding of \$61,589 cash funds from the Ground Water Management Cash Fund for **FY 2010-11**.

WELL ENFORCEMENT

Senate Bill 04-225 authorized the State Engineer and ground water management districts to issue well permit enforcement orders to facilitate administration of designated ground water, including a requirement to provide records of energy used to pump ground water. This bill also authorized the State Engineer to seek court enforcement of such orders, and it created a well enforcement cash fund for penalties collected pursuant to the provisions of the bill. The fund is to be used for the investigation and enforcement of violations of orders or to regulate ground water. The fiscal note estimated that the bill could be implemented with existing staff. This line item is used for travel expenses. This request seeks a continuing level of funding of \$1,489 cash funds from the Well Enforcement Cash Fund for **FY 2010-11**.

INDIRECT COST ASSESSMENT

The amount collected from this line item is used to offset the need for General Fund for overhead expenses appropriated in the Executive Director's Office. During **FY 2007-08**, \$59,757 was appropriated for this purpose. For **FY 2008-09**, the Division's appropriation was \$56,670, represented by \$59,757 for the Final FY 2007-08 Appropriation and a reduction of \$3,087 in anticipated needs. The appropriation for **FY 2009-10** is \$42,670. The base request for **FY 2010-11** is \$32,590 that is comprised of \$30,952 from various sources of cash funds and \$1,638 in Federal Funds.

SATELLITE MONITORING SYSTEM MAINTENANCE

This line item is included to reflect the cash funds spending authority to water projects from the Colorado Water Conservation Board Construction Fund established pursuant to Section 37-60-121 (1) (a), C.R.S.(2009). This is not a line item in the Long Bill. Senate Bill 07-122 appropriated \$350,000 in Cash Funds Exempt to the Division of Water Resources for **FY 2007-08** and House Bill 08-1346 appropriated \$350,000 in Cash Funds to the Division of Water Resources for **FY 2008-09**. Senate Bill 09-125 appropriated \$350,000 in cash funds for **FY 2009-10**. The Division is requesting no funds for this purpose through the **FY 2010-11** Long Bill. Rather, the Division anticipates that an appropriation for this purpose may be addressed in a special bill during the 2010 Legislative session.

Colorado Division of Wildlife

**Note – Expenditures by the DOW were previously categorized as cash funds exempt, but are categorized as cash funds starting in FY2008-09. Further, the DOW is requesting two additional line items through the Decision Item process under long bill group (B) Special Purpose, titled “Grants and Habitat Partnerships” and “Asset Maintenance and Repairs”. The funding for these projects had been requested for in the Capital Construction Long Bill and therefore there will be a dollar for dollar reduction in the capital construction request making this a net zero impact to DOW.*

(A) Division Operations

Director’s Office

This line item, the first of four lines under the Long Bill Group titled “Division Operations”, is appropriated based on prioritization of work related to the functions that fall under the Director’s Office, the Deputy Directors, the Planning, Budgeting, and Evaluation section, and the Wildlife Commission operations. The DOW utilizes a three-step modified zero-based approach to prioritize its internal budget which ultimately is used to develop its external budget request. This three-step process follows the DOW’s hierarchical chain of command, with the final decision coming from its senior management.

SB 07-239, the FY 2007-08 Long Bill, appropriated \$1,993,773 for the Director’s Office line item and 18.0 FTE. The final appropriation consists of the \$1,968,746 base request plus \$34,777 Salary Survey and the OSBP Base Reduction (0.2%) of (\$9,751).

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$2,048,629 for the Director’s Office Line item and 18.0 FTE. The final appropriation consists of the \$1,993,773 base request plus the FY08-09 Salary Survey adjustment of \$39,671 and the Performance-based Pay adjustment of \$15,185 (@80%). The DOW’s Base Request was \$2,052,241. However, this requested amount included a \$3,612 SAED base increase which was adjusted during Figure Setting by the Joint Budget Committee (FY08-09 Department of Natural Resources Figure Setting page 70). The following three Supplemental Requests affected the Division: 1) S-2 Cellular Phones Cost Reduction for a reduction of (\$562); 2) NP-Supplemental (no priority number was assigned by DOIT) - OIT Common Policy – Management and Administration of OIT was submitted by OIT for a reduction of (\$55,212); and, 3) S-20 - Hiring Freeze Reduction for a reduction of (\$39,105) as a cost savings from the Governor’s mandated hiring freeze that was implemented in October 2008. The Supplemental Requests were approved by the Joint Budget Committee (FY 2009-10 Department of Natural Resources Figure

Line Item Description - FY 2010-11 Budget Request

Setting page 79) and appropriated in the Supplemental Bill (SB 09-195) for a total reduction of (\$94,879). As a result, the final FY 2008-09 appropriation was \$1,953,750.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$2,058,660 for the Director's Office line item and 18.0 FTE. This appropriation consists of a \$2,048,629 base request plus \$55,320 for Salary Survey and \$16,828 for Performance-based Pay (@80%). In addition, the Department submitted Statewide Decision Item NP-1 – Postage Increase and Mail Upgrade in the amount of \$2,176. These funds will be used for new equipment purchases made by the Integrated Document Factory (IDF) within the Division of Central Services. The following two requests submitted in FY 2008-09 were Supplemental Requests with corresponding Budget Amendments. Therefore, these adjustments were made to the Division's FY 2009-10 base request. NP-Supplemental (no priority number was assigned by DOIT) OIT Common Policy – Management and Administration of OIT included a Budget Amendment for a reduction of (\$63,330). S-2 Cellular Phones Cost Reduction included a budget amendment for a reduction of (\$963). These budget amendments were approved during Figure Setting by the Joint Budget Committee (FY09-10 Department of Natural Resources Figure Setting Page 79). As a result, the final FY 2009-10 appropriation was \$2,058,660.

The Division's base request for FY 2010-11 is \$2,056,484 and 18.0 FTE. The request represents \$2,058,660 base request minus \$2,176 annualization related to the FY 2009-10 Statewide Decision Item NP-1 "Postage Increase and Mail Equipment Upgrade".

Note: See the DOW's Reconciliation and/or Schedule 3 for information regarding fund splits.

Wildlife Management

This line item is appropriated based on prioritization of work related to all functions within the DOW, less the Director's Office, Technical Services, and the Information Technology function. Some of those functions are, Wildlife related activities, Customer Service, Wildlife Conservation, Research, Aquatic Conservation, Law Enforcement, and functions related to the DOW's regional activities (such as energy extraction impacts on wildlife habitats). This is not an all inclusive list, due to the volume of budgeted functions within this line item. The DOW utilizes a three-step modified zero-based approach to prioritize its internal budget which is ultimately used to develop its external budget request. This three-step process is used to identify the highest priority work to be funded.

SB 07-239, the FY 2007-08 Long Bill, appropriated \$62,153,521 for the Wildlife Management line item and 555.4 FTE. The final appropriation consists of the \$60,306,928 base request plus \$1,017,500 Salary Survey and the OSBP Base Reduction (0.2%) of (\$200,907). In FY 2006-07 the DOW received additional Great Outdoors Colorado (GOCO) funds from GOCO which had not been

Line Item Description - FY 2010-11 Budget Request

appropriated in the Long Bill. This \$1,030,000 in additional funding appears for informational purposes only. In addition, the DOW submitted an “1331” Emergency Supplemental request to cover the cost of emergency winter feeding of big game populations in western Colorado made necessary by heavy snowfall and extremely cold temperatures. The supplemental request was approved in the amount of \$1,746,560 and was reflected in HB 08-1294, the Supplemental Bill. Therefore, the final FY 2007-08 appropriation after special bills was \$63,900,081 and 555.4 FTE.

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$63,387,101 for the Wildlife Management line item and 555.4 FTE. The final appropriation consists of the \$62,153,521 base request plus the FY 2008-09 Salary Survey adjustment of \$1,099,413, the FY 2008-09 Performance-based Pay adjustment of \$367,946 (@80%) and a 1.0% JBC common policy personal services reduction of (\$433,779). In addition, the DOW submitted FY 2008-09 Decision Item Request DI #22 to increase the appropriation for PEAC from \$900,00 to \$1,100,000, this increased the Wildlife Management Public Education Fund established pursuant to Section 33-1-112 (3.5) (a) C.R.S. This request was approved and the appropriation was increased by \$200,000.

**Note: In the previous year budget submission the DOW's Budget Request reflected an appropriation from the Species Conservation Trust Fund (SCTF) that was appropriated to the Department Executive Director's Office (EDO). However, it was later determined that the Department should include this appropriation in EDO's section of the request rather than DOW's. The request now reflects that change for all years including FY07-08. Finally, leased space, which was formerly funded in this line item, has been moved to the department's POTS line per the direction in the budget instructions. It is a reduction in this line and an increase in the department POTS line for a net zero impact to the DOW.*

The DOW's FY 2008-09 Base Request was \$63,821,295. However, this requested amount included an OSPB base reduction in the amount of (\$85,002) and an \$85,416 SAED base increase. These amounts were adjusted during Figure Setting by the Joint Budget Committee (FY 2008-09 Department of Natural Resources Figure Setting page 71). The final FY08-09 appropriation was \$63,387,101 and 555.4 FTE.

Finally, the following special bills impacted the FY08-09 appropriation:

- S.B. 08-013 “Severance Tax” increased the appropriation by \$1,519,927.
- S.B. 08-155 “OIT Consolidation” reduced the appropriation by (1.0) FTE.
- S.B. 08-169 “Hardrock Mining Fees” increased the appropriation by 4,934.

Line Item Description - FY 2010-11 Budget Request

- S.B. 09-195 “Supplemental Bill” decreased the appropriation by \$1,249,085 (S-20 - Hiring Freeze Reduction for \$1,218,204 and S-2 Cellular Phones Cost Reduction for \$30,881).

The final FY 2008-09 Wildlife Management appropriation after special bills was \$63,662,877 and 554.4 FTE.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$65,897,433 for the Wildlife Management line item and 554.4 FTE. The final appropriation consisted of \$64,911,962 and 554.4 FTE base request plus \$1,377,608 Salary Survey, \$410,638 Performance-based Pay (@80%), \$49,217 annualization related to S.B. 08-013 “Severance Tax”. In addition, the following three change requests affected the FY09-10 appropriation: 1) Decision Item NP-1 “Statewide Postage and Mail Equipment Upgrade” for \$20,539; 2) Supplemental Request S-2 “Cellular Phones Cost Reduction” for a reduction of (\$52,939); and 3) Budget Amendment BA-2 to end Department participation in the Colorado State Fair for a reduction of (\$6,686). Further, the mandated JBC Personal Service reduction of 1.8174% (Page 1374 of the April 22, 2009 General Assembly House Journal lines 39-48) reduced this appropriation by (\$812,906). The final FY09-10 appropriation, taking these changes into account, was \$65,897,433 and 554.4 FTE.

The FY 2010-11 request is \$66,676,362 and 551.4 FTE. This request represents a \$65,897,433 base request plus a \$183,819 annualization related to SB 09-235 “Wildlife Habitat Stamps and Passports”, \$812,906 to restore the one-time 1.8174% personal service cut (Page 1374 of the April 22, 2009 General Assembly House Journal lines 39-48), and the negative annualization related to the Statewide Decision Item NP-1 “Postage Increase and Mail Equipment Upgrade” of (\$20,540). Finally, the request includes a reduction of (\$197,256) and (3.0 FTE) as part of the statewide OIT Staff Consolidation decision item.

Note: See the DOW’s Reconciliation and/or Schedule 3 for information regarding fund splits.

Technical Services

This line item is appropriated based on the prioritization of work related to the functions that are considered administrative in nature. These include issuing hunting licenses through a lottery-type process, engineering, accounting, purchasing, contracts, human resources, and the education and training of newly hired officers. As with the other two lines mentioned above, the DOW utilizes a three-step approach to its internal budget prioritization prior to submitting its Budget Request.

SB 07-239, the FY 2007-08 Long Bill, appropriated \$6,375,414 for the Technical Service line item and 61.0 FTE. The final appropriation consisted of the \$6,311,561 base request plus \$88,805 Salary Survey and the OSBP Base Reduction (0.2%) of (\$24,952).

Line Item Description - FY 2010-11 Budget Request

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$6,516,885 for the Technical Service line item and 61.0 FTE. The final appropriation consists of the \$6,375,414 base request plus \$144,437 Salary Survey, \$48,620 Performance-based Pay (@80%) and a JBC Common Policy Personal Services Reduction of (\$51,586). The DOW's Base Request was \$6,566,679. However, this requested amount included an OSPB base reduction in the amount of (\$11,162) and a \$9,370 SAED base increase. These amounts were adjusted during Figure Setting by the Joint Budget Committee (FY 2008-09 Department of Natural Resources Figure Setting page 72). The final FY 2008-09 appropriation was \$6,516,885 and 61.0 FTE.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$6,616,044 for the Technical Services line item and 61.0 FTE. The request represents \$6,516,885 base request plus the FY 2008-09 Salary Survey adjustment of \$135,413 and the FY08-09 Performance-based Pay adjustment of \$48,750 (@80%). In addition, the Department submitted Decision Item NP-1 "Postage Increase and Mail Equipment Upgrade" in the amount of \$16,034. The FY08-09 Supplemental Request S-2 "Cellular Phones Cost Reduction" included a Budget Amendment in FY09-10 for a reduction of (\$2,301). This budget amendment was approved during Figure Setting by the Joint Budget Committee (FY09-10 Department of Natural Resources Figure Setting Page 81). In addition, the JBC approved a Federal Fund reduction in the amount of (\$2,599) through its Figure Setting process (FY09-10 Department of Natural Resources Figure Setting page 81). JBC staff inadvertently reduced Federal Funds by (\$2,599) rather than shifting the funding between cash and Federal Funds sources. Further, the mandated JBC Personal Service reduction of 1.8174% (Page 1374 of the April 22, 2009 General Assembly House Journal lines 39-48) reduced this appropriation by (\$96,138). The final FY09-10 appropriation, taking these changes into account, was \$6,616,044 and 61.0 FTE.

The FY 10-11 request is \$6,585,076 and 60.0 FTE. The request represents a base request of \$6,616,044 plus \$96,138 to restore the one time personal service reductions of 1.8174%, and a negative annualization related to the Statewide Decision Item NP-1 "Postage Increase and Mail Equipment Upgrade" of (\$16,034). Finally, the request includes a reduction of (\$111,072) and (1.0 FTE) as part of the statewide OIT Staff Consolidation decision item.

Note: See the DOW's Reconciliation and/or Schedule 3 for information regarding fund splits.

Information Technology

This line is composed solely of the Information Technology (IT) section (18.0 FTE) and all activities related to IT. This section supports IT systems and services necessary for core DOW functions by providing computer and communications infrastructure, asset management, user support, standardized software applications, internet oversight, development of information technology policies and

Line Item Description - FY 2010-11 Budget Request

plans, and the development and maintenance of new and existing business applications. As with the other three lines mentioned above, the DOW utilizes a four-step approach to prioritize its budget requests.

**Note – The Office of Information Technology is submitting a decision item that will in essence transfer all IT staff to OIT. However, that decision item will only transfer 16.0 of the 18.0 FTE in this line. DOW will consider options on how to handle the remaining 2.0 FTE in this line.*

SB 07-239, the FY 2007-08 Long Bill, appropriated \$2,816,199 for the Information Technology line item and 18.0 FTE. The final appropriation consists of the \$2,751,020 base request plus \$73,114 Salary Survey and the OSBP Base Reduction (0.2%) of (\$7,936).

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$2,893,500 for the Information Technology line item and 18.0 FTE. The final appropriation consists of the \$2,816,199 base request plus the FY 2008-09 Salary Survey adjustment of \$59,038, the FY 2008-09 Performance-based Pay adjustment of \$18,263 (@80%). The DOW's Base Request was \$2,893,829. However, this requested amount included a \$329 SAED base increase. This amount was adjusted during Figure Setting by the Joint Budget Committee (FY 2008-09 Department of Natural Resources Figure Setting page 73). The final FY 2008-09 appropriation was \$2,893,500 and 18.0 FTE.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$2,957,658 for the Information Technology line item and 18.0 FTE. The request represents \$2,893,500 base request plus \$60,778 Salary Survey and \$17,626 Performance-based Pay (@80%). The DOW submitted S-2 Cellular Phone Cost Reduction in FY08-09 with corresponding Budget Amendment for a reduction of (\$14,246). This budget amendment was approved during Figure Setting by the Joint Budget Committee (FY 2009-10 Department of Natural Resources Figure Setting Page 79). As a result, the final FY 2009-10 appropriation was \$2,957,658 and 18.0 FTE.

The FY 2010-11 base request of \$1,581,330 and 2.0 FTE represents a continuation level of \$2,957,658 in funding plus a reduction of (\$1,376,328) and (16.0 FTE) as part of the statewide OIT Staff Consolidation decision item.

Note: See the DOW's Reconciliation and/or Schedule 3 for information regarding fund splits.

(B)Special Purpose

Wildlife Commission Discretionary Fund

This line, the first of five lines entitled “Special Purpose” in the Long Bill, is the Wildlife Commission Discretionary Fund. This appropriation is used by the Wildlife Commission to provide funds to the DOW to enhance wildlife and wildlife management. The DOW must apply to the Commission for this money and may work in cooperation with other agencies to complete the proposed projects. Projects funded prior to FY08-09 out of the Wildlife Commission Discretionary Fund have included the Deloitte & Touche Management Review, a cooperative workshop with Colorado State University on Whirling Disease, partial funding for the purchase of the DOW's new budgeting software system, partial funding for research on declining mule deer populations in Colorado, and a study on limited licensing. FY08-09 projects included partial funding of equipment for additional video conferencing sites, NE Regional Coyote Management outreach materials and coyote control equipment, partial funding for I-70 Game Ramps, partial funding for Mountain Lion Exhibit and non-felt soled wading boots.

SB 07-239, the FY 2007-08 Long Bill, appropriated \$160,000 for the Wildlife Commission Discretionary Fund line item. There were no changes to the appropriation.

**FY07-08 Note - The DOW uses “KRONOS” software to track where employees spend their time in order to allocate salaries across the DOW’s various programs. Included in the KRONOS coding is the appropriation code. At the end of the FY2007-08 fiscal year an employee inadvertently used the code designated for this line for a total of .02 FTE and about \$1,800. However, this line item does not have an FTE appropriation. The schedules do not carry out the FTE calculation to the hundreds so the FTE appears to be 0.0 when in fact it is 0.02 FTE. Since this hit at the end of the Fiscal Year, the DOW was not able to correct the issue.*

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$160,000 for the Wildlife Commission Discretionary Fund line item. There were no changes to the appropriation.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$160,000 for the Wildlife Commission Discretionary Fund line item. There were no changes to the appropriation.

The FY 2010-11 base request of \$160,000 represents a continuation level of funding.

Game Damage Claims and Prevention

This line is composed solely of the Game Damage Claims and Prevention program. This appropriation represents spending authority for the costs associated with a game damage claim against the DOW as well as buying game damage prevention materials. It is not possible to accurately predict the spending on claims as it is dependent upon many factors, including the weather. Examples of prevention materials includes fencing, hay storage, pyrotechnics, and other materials which are provided to landowners for the purpose of preventing damage (and potential Division liability) to standing and harvested crops, forage, and other property.

SB 07-239, the FY 2007-08 Long Bill, appropriated \$1,050,000 for the Game Damage Claims and Prevention line item. There were no changes to the appropriation.

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$1,050,000 for the Game Damage Claims and Prevention line item. SB 09-024 “Wildlife Division Response to Game Damage” appropriated an additional \$600,000 for FY08-09 and \$1,450,000 for the FY 2009-10 appropriation. The final appropriation for FY 2008-09 after the special bill was \$1,650,000.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$1,050,000 for the Game Damage Claims and Prevention line item. SB 09-024 “Wildlife Division Response to Game Damage” appropriated an additional \$1,450,000 for FY 2009-10. The final FY 2009-10 Game Damage Claims and Prevention appropriation after Special Bills was \$2,500,000.

The FY 2010-11 base request of \$2,500,000 represents a continuation level of funding.

Instream Flow Program

This line is composed solely of the Instream Flow Program. Funds appropriated to this line item are transferred, through an Interagency Agreement, to the Colorado Water Conservation Board (CWCB) to support the instream flow program. Pursuant to Section 37-92-102(3) C.R.S., the CWCB uses the funds to acquire water for minimum stream flows or volumes for natural lakes to preserve the natural environment.

SB 07-239, the FY 2007-08 Long Bill, appropriated \$296,027 for the Instream Flow Program line item. There were no changes to the appropriation.

Line Item Description - FY 2010-11 Budget Request

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$296,027 for the Instream Flow Program line item. There were no changes to the appropriation.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$296,027 for the Instream Flow Program line item. There were no changes to the appropriation.

The FY 2010-11 base request of \$296,027 represents a continuation level of funding.

Habitat Partnership Program

This line is composed solely of the Habitat Partnership Program. This line is continuously appropriated. Senate Bill 01-006 dedicated five percent of the net sales of big game hunting licenses used in geographic locations represented by a habitat partnership committee to the Habitat Partnership Program.

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

SB 07-239, the FY 2007-08 Long Bill, appropriated \$2,500,000 for the Habitat Partnership Program line item. There were no changes to the appropriation.

HB 08-1375, the FY2008-09 Long Bill, appropriated \$2,500,000 for the Habitat Partnership Program line item. There were no changes to the appropriation.

SB 09-259, the FY2009-10 Long Bill, appropriated \$2,500,000 for the Habitat Partnership Program line item. There were no changes to the appropriation.

The FY2010-11 base request of \$2,500,000 represents a continuation level of funding.

Indirect Cost Assessment

This line is composed solely of the Indirect Cost Assessment. The amount collected from this line item is from the Wildlife Cash Fund established in Section 33-1-112 (1) (a), C.R.S. The appropriation is used to offset the need for General Fund for overhead expenses appropriated in the Executive Director's Office.

SB 07-239, the FY 2007-08 Long Bill, appropriated \$3,478,621 for the Indirect Cost Assessment line item. The FY 2007-08 appropriation was adjusted by increasing the base amount the DOW is assessed.

HB 08-1375, the FY 2008-09 Long Bill, appropriated \$3,413,878 for the Indirect Cost Assessment line item. The FY 2008-09 appropriation to EDO provides additional General Fund to refinance indirect costs previously paid for with cash funds. This fund mix adjustment decreased is reflected in a negative base adjustment in FY 2008-09 of (\$64,743).

SB 09-259, the FY 2009-10 Long Bill, appropriated \$3,281,465 for the Indirect Cost Assessment line item.

The FY 2010-11 request includes \$3,363,830 for the Indirect Cost Assessment line item. The slight increase in this line item is based on a revised departmental indirect cost plan for FY 2010-11.

Aquatic Nuisance Species Prohibition

SB 08-226 established Aquatic Nuisance Species laws to prevent, control, contain, monitor, and eradicate aquatic nuisance species from state waters. This program is in response to the discovery of Zebra Mussels in Pueblo Reservoir. The bill establishes a program to mitigate and if possible prevent the introduction and spread of aquatic nuisance species which can have devastating economic, environmental, and social impacts on the aquatic resources and water infrastructure of the state.

In FY 2008-09, SB 08-226 appropriated \$1,250,000 from the Wildlife Cash Fund plus \$2,667,244 from the Operational Account of the Severance Tax Trust Fund (total of \$3,917,244) to the newly created Division of Wildlife Aquatic Nuisance Species Fund. The final FY 2008-09 appropriation was \$3,917,244.

SB 09-259, the FY 2009-10 Long Bill, appropriated \$1,304,544. The FY 2009-10 request accounts for the annualization of (\$2,612,700) related to SB 08-226 "Aquatic Nuisance Species".

Line Item Description - FY 2010-11 Budget Request

The FY 10-11 base request of \$1,304,544 represents a continuation level of funding.

**FY08-09 Note - The DOW uses “KRONOS” software to track where employees spend their time in order to allocate salaries across the DOW’s various programs. Included in the KRONOS coding is the appropriation code. At the end of the FY2008-09 fiscal year an employee inadvertently used the code designated for this line for a total of .18 FTE and about \$13,541. However, this line item does not have an FTE appropriation. Since this transaction impacted at the end of the Fiscal Year, DOW was not able to correct this error.*

New Lines from FY2010-11 Decision Items

This is a FY2010-11 decision item request to shift \$2,231,880 total funds (100% Cash Funds) from the Capital Construction and Controlled Maintenance Long Bill Group. The new long bill line items requested are “Grants and Habitat Partnerships” for \$1,625,000 and “Asset Maintenance and Repairs” for \$606,880. This request is 100% Cash Funded and has no impact to the General Fund. This increase in operating is offset by an equal amount in the Division’s capital construction budget request and therefore it will have a net zero impact to the Division. The funding behind these two line items has previously been reflected in the Division of Wildlife’s capital construction budget. After an analysis of the type of projects funded out of a capital construction line item, DOW determined that there were a number of projects that were more operating in nature than capital. This decision item request is contingent upon a footnote for the two new operating appropriations that authorizes three year spending authority for each appropriation. If the footnote is not part of the operating decision item, the Division of Wildlife would prefer to keep the funding for these operating projects within the capital construction budget and these projects and appropriated amounts will be resubmitted through the Capital Construction budget request. This Decision Item request is in conjunction with a “Line Item Consolidation” request that was submitted to OSPB and Capital Development Committee with the FY2010-11 Capital Construction request. The following describes each line as requested.

Grants and Habitat Partnership

The “Grants and Habitat Partnerships” line item request contains projects related to: (1) grants for habitat improvement on private property under the Pheasant Habitat Partnership Program (PHIP); (2) small habitat improvement projects on State Wildlife Areas that cost less than \$50,000 each and are more appropriately categorized as operating expenses, and; (3) grants for improvements, repairs and development for wetlands and shooting ranges.

Line Item Description - FY 2010-11 Budget Request

The FY 10-11 Decision Item requests an appropriation of \$1,625,000. This amount originates from 6 pending habitat projects and grants that the DOW currently has budgeted under the Capital Construction Long Bill Group (see project list on page 9 of the Decision Item).

Asset Maintenance and Repairs

The purpose of this line item appropriation is to address projects that are for the most part under \$50,000, that are more maintenance in nature, and that are more appropriately contained in the operating budget; as defined under Section 24-75-112, C.R.S. (2009) and OSPB Budget Instructions. This new line is to be considered the Division of Wildlife's (DOW) internal controlled maintenance program. Because the DOW is cash funded, the State Architect's Controlled Maintenance program is not available to DOW facilities. The DOW developed its own controlled maintenance program starting in FY 2004-05 and implemented it in FY 2007-08. This program includes an assessment of DOW's total facility inventory, facility condition, and risk to health, life and safety. Projects submitted for this funding are selected based on the condition assessment and risk group in a systematic state wide process. The overall goal of projects under the Asset Maintenance and Repairs line is to maintain the Division's existing facilities to a "C" grade or better. Thus, most projects submitted for this funding received a "D" or "F" in their condition assessment. The program attempts to maintain existing assets in a consistent, systemic, programmatic fashion.

The FY 2010-11 Decision Item requests an appropriation of \$606,880. This amount originates from 16 pending maintenance projects that the DOW currently has budgeted under the Capital Construction Long Bill Group (see project list on page 10 of the Decision Item).

Note: See Decision Item #3 - "Shift Funding for the Division of Wildlife from Capital Construction to Operating" for additional detail.

Line Item Description - FY 2010-11 Budget Request