

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Coal Regulatory Program Refinance
 Department: Natural Resources Dept. Approval by: *Will H. Leving* Date: 10/13/2010
 Priority Number: DI-1 of 7 OSPB Approval: *DMZ* Date: 10-18-10

	Fund	1	2	3	4	5	6	8	9	10	
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	2,319,583	2,134,008	0	2,134,008	2,173,608	0	2,173,608	0	2,173,608	0
	FTE	23.0	23.0	0.0	23.0	23.0	0.0	23.0	0.0	23.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	515,083	447,548	0	447,548	455,864	273,306	729,170	0	729,170	273,306
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	1,804,500	1,686,460	0	1,686,460	1,717,744	(273,306)	1,444,438	0	1,444,438	(273,306)
(1) Coal Land Reclamation - Program Costs	Total	2,319,583	2,134,008	0	2,134,008	2,173,608	0	2,173,608	0	2,173,608	0
	FTE	23.0	23.0	0.0	23.0	23.0	0.0	23.0	0.0	23.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	515,083	447,548	0	447,548	455,864	273,306	729,170	0	729,170	273,306
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	1,804,500	1,686,460	0	1,686,460	1,717,744	(273,306)	1,444,438	0	1,444,438	(273,306)

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: N/A
 Letternote Text Requested for FY 2011-12: N/A
 Cash or Federal Fund Name and COFRS Fund Number: Severance Tax Operational Trust Fund - Fund 704
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments:

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources
Priority Number:	DI-1 of 7
Change Request Title:	Coal Regulatory Program Refinance

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is for a \$273,306¹ increase in cash funds spending authority and a corresponding decrease of \$273,306¹ Federal Funds in the Coal Regulatory Program (hereafter referred to as the Coal Program) to cover a projected shortfall in federal grant funding to the program starting in calendar year 2011. This partial refinancing with cash funds will ensure that current staffing levels for effective coal mine regulation, including permitting and inspection, are maintained. The total state spending authority to the program is not increased by this request. The source of cash funds requested is from the Operational Account of the Severance Tax Trust Fund (Section 39-29-109, C.R.S.); this request will not cause the division's allowable 25 percent (in Tier 1) to be exceeded.

¹The requested amount is dependent on the final 2011 federal grant appropriation and the final FY2011-12 state spending authority total as determined during figure setting by March 2011. The final federal grant appropriation will not be known until after passage of a federal budget for the federal fiscal year beginning October 1, 2010.

General Description of Request:

The Surface Mining Control and Reclamation Act (SMCRA) was enacted in 1977, and as authorized by SMCRA, state primacy for Colorado's Coal Program was granted in 1980. Colorado has supported state primacy for coal mine regulation to ensure that state-specific issues are managed effectively to ensure protection of the local resources, while also supporting a viable and compliant Colorado coal industry. Colorado coal regulatory program primacy is also a requirement for receiving federal funds for the Inactive Mine Reclamation Program, which funds closure projects for dangerous mine openings throughout the state that pre-date SMCRA laws. In FY 2010-11, Colorado will receive roughly \$7.0 million in federal funds to address safety issues at inactive mine sites through the Inactive Mine Reclamation Program.

The following are key aspects of the Colorado Coal Mine Regulatory Program:

- The Coal Program is currently funded with 79 percent federal funds from the Dept of the Interior/Office of Surface Mining (OSM) and 21 percent cash funds/severance tax as the required state match. This funding ratio is based on coal mine acreage on federal lands (approximately 79 percent) vs. non-federal.
- There are currently 41 regulated mine sites including 10 active coal mines, 1 active coal sorting facility, 2 newly permitted but not yet active mines, 2 mines and 1 sorting facility in temporary cessation and 25 coal mines in various phases of reclamation (171,548 total permit acres). The program also regulates 115 exploration notices. Reclamation bonds covering these sites total \$213 million.
- The federal grant also funds the federally required Colorado Blasters Certification Program, which provides the certification and testing of mine personnel responsible for use of explosives in both underground and surface mines.

The federal grant funding for the Coal Program has fallen to less than 79 percent of the total state spending authority in six of the past ten fiscal years and severance tax was used each year to maintain regulatory staffing levels. The President's budget proposal for the federal fiscal year beginning October 1, 2010 indicates a 15 percent reduction for all state coal program grants. The Colorado calendar year grant for 2011 is currently subject to this 15 percent cut. A 15 percent reduction in Colorado's grant will cause a gap in covering the 79 percent federal portion of the estimated state appropriation level for FY2011-12 by the current estimate of \$273,306.

Consequences if Not Funded:

The following are potential impacts if additional cash funds are not approved to maintain the Coal Program's state funding level in FY2011-12:

- Reduction of Environmental Protection Specialist (EPS) staff by 14 percent or 2.5 FTE. Any reduction in EPS staff would result in a corresponding decrease in permitting and inspection capacity by the program. The Coal Program currently regulates 41 mine sites in Colorado covering 171,548 permit acres with 17.6 EPS staff.

The Coal Program staffing scheme consists of various disciplines working in teams (hydrologists, geologists, engineers, range scientists, etc.) in order to provide thorough technical review, expertise and oversight in permitting and inspection. Reduction of FTE may eliminate a specific expertise resource from the full regulatory team.

- Inspections - Field inspections are mandated by federal law for a minimum of 12 per year for each active site. The inspections involve ground verification of complex reclamation standards and land/water resource and public safety protection measures over mine sites that cover thousands of acres. A reduction of 2.5 FTE /regulatory staff will jeopardize required enforcement of these resource and public safety protection requirements. In FY2008-09 the program conducted 410 required inspections and issued 6 violation orders.

Failure to conduct effective and frequent inspections places the program in jeopardy of adverse federal oversight findings; increased unmitigated violations, and increased risk of unregulated environmental damage, offsite impacts and potential hazards to the public due to mining related impacts such as non-compliant water discharges, subsidence (sinking effect of surface areas that lie over underground mines), blasting and land instability. The total inspection acres has increased due to a new mine site approved in May 2010. Additional mine expansion and new mine permitting is anticipated in the future.

- Permitting Actions (includes bond releases) – The program conducted 239 permitting actions as listed below during FY2008-09. The workload will increase from these numbers due to one new coal mine approved to begin operations in 2010, with possibly three additional new or renewed operations projected to open in 2011.

239 Total Permitting Actions in FY2008-09

New permits – 2

Major permit revisions – 8

Technical permit revisions – 75

Minor permit revisions – 73

Permit transfers – 3

Permit renewals – 16

Mid-term permit reviews – 7

Exploration notice actions (new applications, modifications, bond releases) – 34

Bond releases – 21 (includes adjustments to permit area)

Consequences of staff reductions on permitting – Detailed permitting actions are required by law including permit changes, transfers, bond reviews, etc. Failure to conduct timely permitting will jeopardize ongoing and new operations because coal production cannot proceed until permitting is complete. Environmental protection, proper reclamation bond calculation, and enforcement will also falter. Inadequate permitting brings increased risk of on and off-site damage, public safety risk, increased litigation risk due to inadequate bonds or bond defaults, and other land and public damage events.

- Other Program Requirements – The following program requirements are mandatory components of program primacy and adequate regulatory capability. Three to five EPS staff (20%) will be involved in these processes, further reducing staff availability for inspections, permitting and enforcement.

Rulemaking – Major rulemaking is ongoing and required by OSM regarding ownership/control, subsidence, hydrology, and revegetation requirements.

OSM Oversight – OSM oversight activities include joint inspections with state staff, reviews of program policies and permitting actions, and federal reporting requirements.

Stakeholder Interactions – Coal Program staff interact on a regular basis with the following stakeholders: federal agencies, local governments, landowners, the mining industry, and environmental organizations.

- Reduction of operating funds by approximately \$27,000 per year. This would jeopardize the basic operating level for mandated mine site inspections, and would halt current initiatives to update the permit tracking system, to develop mobile inspection technology and increase GIS/GPS capability, and to maintain program currency with technological tools used by both the regulated community and the public.
- Reduced ability to meet expanding federal requirements/maintain state primacy. In addition to the budget reduction for state coal programs, OSM is also proposing new mandates on state programs, including new environmental rules, and increased oversight and inspection initiatives that will increase state responsibilities. These initiatives continue to challenge coal program staffing levels and state primacy for Colorado's program. States must have primacy in order to receive funding for the Abandoned Mine Program. Colorado's abandoned mine program, which is now 100 percent federally funded at \$7 million, provides reclamation dollars for both coal and non-coal abandoned mine hazards, creates construction jobs, and expands economic support to the materials producers and local economies.

Calculations for Request:

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: Department of Natural Resources

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$273,306	\$0	(\$273,306)	0.0
Coal Regulatory Program Expenses	\$0	\$0	\$273,306	\$0	(\$273,306)	0.0

*Cash Funds Source: Severance Tax from the Operational Account of the Severance Tax Trust Fund

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds¹	FTE
Total Request	\$0	\$0	\$273,306	\$0	(\$273,306)	0.0
Coal Regulatory Program Expenses	\$0	\$0	\$273,306	\$0	(\$273,306)	0.0

*Cash Funds Source: Severance Tax from the Operational Account of the Severance Tax Trust Fund

¹Federal funds amount, and corresponding cash funds amount, shown for FY2012-13 assumes no increase in the federal grant funds, which is unknown at this time. The amounts are dependent on the federal grant appropriations for CY2012 and CY2013.

Table 2 shows how the requested amount of \$273,306 was derived based on an assumption of 15 percent reduction in the federal grant in calendar year (CY) 2011 and a similar federal grant amount for CY2012.

TABLE 2 - COAL AND BLASTERS FINANCING - FY2011-12				
		TF	CF	FF
	Coal Program Expenses <i>--CF/FF adjustment is made on this line per amounts in Row C below.</i>	2,173,608	455,864	1,717,744
	Coal Indirect	147,199	25,999	121,200
	Blasters Certification	109,486	22,842	86,644
	Coal POTs Estimate	374,909	78,731	296,178
	Blasters POTs Estimate	9,959	2,091	7,868
<i>Row A</i>	TOTAL STATE APPROPRIATION	\$2,815,161	\$585,527	\$2,229,634
	FEDERAL Grant Estimates for CY2011 and CY2012 1/2 <u>2011</u> proposed grant with 15% reduction from 2010 fed funds			978,164
	1/2 <u>2012</u> grant estimate (assumes the same grant appropriation as 2011 grant)			978,164
<i>Row B</i>	TOTAL FEDERAL GRANT ESTIM			\$1,956,328
	FINANCING ADJUSTMENTS			
<i>Row C</i>	--Adjust FF up or down depending on grant estimate amount compared to state appropriation FF total (FF in Row A minus Row B amount). <i>This adjustment is applied to the following Long Bill line: (A) Coal Land Reclamation - Program Costs.</i>		\$273,306	(\$273,306)
<i>Row D</i>	FINAL TOTAL REFINANCE COAL/BLASTERS FUND SPLIT (Row A minus/plus Row C amounts)	\$2,815,161	\$858,833	\$1,956,328

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Severance Tax Trust Fund – Operational Account	704	\$36,011,657	\$31,181,533	\$22,127,408	\$25,491,067	\$17,302,558
Total Reserve Requirement			\$18,925,746	\$21,017,025	\$20,519,759	\$22,608,591
Balance After Reserve			\$12,255,788	\$1,110,383	\$4,971,308	(\$5,306,034)
Adjustments to other Programs			\$0	\$0	\$0	\$5,306,034

Projections for cash fund revenue to the Operational Account of the Severance Tax Trust Fund are based on projections from the September 2010 Legislative Council economic forecast.

Note: In the event that actual revenues in the Operational Account are not adequate to meet reserve requirements (as seen here in FY 2012-13), other programs funded from the Operational Account will be adjusted to meet reserve requirements (or, by default, Tier 2 programs will be proportionately reduced). The Department is looking at a baseline scenario under which the Operational Account will miss meeting the reserve requirements by \$4,475,183 in FY 2012-13 (if there were no severance tax related decision items approved). This particular decision item proposes to provide the Division of Reclamation, Mining, and Safety with an additional \$273,306 in Operational Account moneys. According to the current forecast, this proposed expenditure increases the projected shortfall in FY 2012-13. However, it is important to remember that severance tax is a volatile revenue stream and projections that far out are less reliable. Further, the Department will work to balance spending to available revenues as it has done in the past.

Assumptions for Calculations:

Assumptions for Derivation of Requested Refinance Amount:

- (1) The federal grant amounts shown in Table 2 are based on the following:
 - The federal grant amount for calendar year (CY) 2011 is assumed to be reduced by 15% from the 2010 grant amount of \$2,301,561 for an amount of \$1,956,327.
 - The federal CY2012 grant is estimated to be funded at the same level as CY2011.

--See Table 2 for application of the reduced federal grant estimate amounts relative to estimated state appropriation levels.

- (2) State FY2011-12 spending authority estimates in Table 2 are based on amounts in the "Reconciliation" spreadsheet and POTs estimates that were kept at the FY2010-11 funding levels.

Assumptions for Projected Reductions in FTE/Operating Funds:

- (1) Loss of 2.5 regulatory FTE is based on Environmental Protection Specialist II (EPS II) cost with lower tier benefits level ("employee only" health/life/dental cost).

Cost of 2.5 EPS II FTE = \$247,940

Total Annual Cost EPS II: \$99,176

Salary/Year of EPS II @ \$6754/month = \$81,048/year

(Salary is the current level for EPS IIs in DRMS.)

PERA @ 10.15% = \$8,226

Medicare @ 1.45% = \$1,175

AED @ 2.8% = \$2,270

SAED @ 2.25% = \$1,824

Health/Life/Dental (empl only) = \$4,633

\$99,176 x 2.5 FTE = \$247,940

- (2) Operating/Travel costs that correspond to a reduction of 2.5 FTE:

Estimated operating/travel cost associated with 58 unfunded inspection trips per year:
\$25,366

Summary of Calculations Below:

\$437.35/inspection trip x 58 unfunded trips = \$25,366

Inspection trips per FTE = 23/year¹

¹Inspections/FTE Assumption: Not all inspection trips are of equal duration or complexity; therefore, a prorated value of 23/year/FTE based on 17.6 regulatory FTE is used solely as an average for the purpose of exemplifying costs of inspection trips lost if 2.5 FTE are not funded.

The following assumption is used:

410 inspection trips divided by 17.6 regulatory FTE = 23 trips per year per FTE

2.5 FTE x 23 trips = 58 inspections unfunded per year

Travel Cost Assumptions:

Total Cost per Inspection Trip = \$437.35

--Trip duration is 2-3 nights (used 2.5 multiplier as average)

--Trip distance averages 400 miles round trip.

--State Fleet vehicle fuel/maint factor of

\$0.246/mile x 355 average miles/trip = \$87.35/trip

--Hotel cost average \$90/night x 2.5 nights = \$225/trip

--Per Diem average \$50/day x 2.5 days = \$125/trip

Impact on Other Government Agencies:

The severance tax for this request is in Tier 1 as defined in Section 39-29-109, C.R.S., and any increase in Tier 1 funding requires a corresponding increase to the required one-year reserve amount. Tier 1 severance tax appropriations impact funding availability for items funded in Tier 2 of the Operational Account of the Severance Tax Trust fund, which are primarily other Natural Resources priorities; therefore, this request impacts other uses of severance taxes.

Cost Benefit Analysis:

This request has an overall net-zero change to the Coal Program's base funding; therefore, the "cost" analyzed below is the impact of appropriating additional state funds (cash funds/severance tax) to the program in order to maintain current regulatory staffing/operating levels.

Cost Benefit Analysis Technique: Compare the “cost” of increasing cash funds/severance tax to the Coal Program as compared to the “benefits/costs avoided” by maintaining the current regulatory FTE/operational level.

COST: \$273,306 increase in cash funds/severance tax.

BENEFIT: COSTS AVOIDED - by maintaining funding to cover the current FTE/operating level as describe below.

- (1) Potential environmental hazards if coal mine violation is not detected in a timely manner due to a reduction in regulatory staff by 2.5 FTE, resulting in an estimated 58 fewer site inspections annually (14% of 410 inspections/year).

Cost Avoided: \$500,000 - \$700,000 per event -- Cost of a Colorado environmental hazard estimated at 1% of the catastrophic mine hazards listed below.

Examples of Environmental Hazards Related to Coal Mines

Containment Pond Failure or Landslide

Failure of a mine site drainage containment pond would create damage and public safety risks and possible fisheries/wildlife risks if sediments and metal deposits reach nearby creeks/streams. A subsidence related rock fall or landslide could cause debris deposits on adjacent roads/highways, causing road closures and clean-up costs for county or state agencies.

Cost Examples:

Colorado Dept of Transportation cost to clear 2004 rock slide on I-70 was \$700,000.

Internet reference: <http://www.msnbc.msn.com/id/35770652/ns/travel-news/>

Inez, Kentucky – Subsidence in underground mine workings occurred under a slurry pond, causing collapse of the pond dam and release of 250 million

gallons of water and 155,000 cubic yards of coal waste into stream; extensive fish kills and metal pollutants in the stream (mercury, lead, copper and chromium); clean-up estimate \$60 million.

Internet reference: www.wise-uranium.org/mdafin.html

Buffalo Creek, West Virginia - slurry dam failure – 118 deaths, 4000 homeless, property damage costs of \$50 million.

Internet reference: <http://climategroundzero.net/category/coal-slurry>

- (2) Potential state financial liability and environmental site degradation if bond funds are not secured through adequate legal and staff resources.

Cost Avoided: \$17,000,000 - State Liability for Site Stabilization/Reclamation if bond funds are not secured (average bond value over current bonds ranging from \$367,000 to \$83 million).

Assumptions: If a mine operator enters bankruptcy, and reclamation on the site is incomplete, extensive staff and attorney time is required to ensure bond instruments are fully paid to the state for use in reclaiming the site. If the site incurs environmental degradation before reclamation ensues, emergency state funds could be required to stabilize land and water control structures. If the Coal Program does not have sufficient staffing levels/expertise or sufficient legal services funds to devote to these issues, the state runs the risk of failing to secure full bond funds or being liable for mine site environmental problems that pose health and safety risks to local communities/wildlife populations.

Example of Coal Mine Operator Failure Cost to the State

Coal Basin/Mid Continent Resources bankruptcy – 1992

Bond funds were secured in 1994

Reclamation timeframe – 1994 through 2004

--Bond funds were tied up in the bankruptcy process and required a full year of attorney time and 1 full-time Coal EPS staff to secure \$1.57 million bond funds. AGO legal costs were approximately 1800 hours x \$76/hour = \$136,800.

--An additional \$930,000 was secured from other funding sources to complete reclamation on the site.

--Bond funds were paid to the state in increments during the process of liquidating the company's assets. This process delayed implementation of more costly reclamation actions that were waiting for release of adequate bond amounts.

--Reclamation activities included: emergency flume repairs exacerbated by extreme spring run-off, road repairs covering 35 acres; reclamation of three refuse/mine tailing piles; backfilling of mine entries, stabilization of mine slopes; demolition of mine processing facilities; and surface control activities that occurred over the 10 year period included weed control, revegetation, tree planting, and fencing. See <http://mining.state.co.us/CoalBasinMineReport.htm> for a detailed report of the reclamation processes.

--Coal staff resources continued to monitor the 71 acre site over the span of 5 years, limiting that FTE from the regular mine inspection rotation.

Summary: Bond funds can be significantly reduced or lost through the bankruptcy process without full-time legal services and Coal staff presence. If the total Coal Program staffing is reduced, the ability to dedicate staff to unforeseen mine problems such as this is jeopardized and the state faces a possible funding liability in excess of \$1 million if the bond amount is not secured through the bankruptcy process.

- (3) Loss of State Primacy and loss of federal funding to the Inactive Mines Reclamation Program

Cost Avoided: Loss of \$7,000,000/year federal grant funding for Colorado’s Inactive Mine Reclamation Program

Assumption: Any significant reduction in regulatory staff in the Coal Program would be monitored by OSM for indications of mine site failures resulting from improper permit requirements and/or poor or infrequent site inspections and signs that the program is failing to effectively enforce the federal regulations. The Inactive Mine Reclamation Program funding received in Colorado is contingent on the state conducting the regulatory program. If OSM were to revoke the state’s primacy, the federal funding loss to the Inactive Mine’s Program would be approximately \$7,000,000 per year (based on the FY2009-10 federal funding level).

Net Benefit Analysis Summary:

TABLE 3 – BENEFIT/COST COMPARISON			
Proposed Action	Estimated Benefit = <i>Costs Avoided by Maintaining FTE/Oper Level</i>	Estimated Cost = <i>Increased Cash Funds to the Program</i>	Benefit/Cost Ratio
Maintain current FTE/operational levels in the Coal Program by increasing cash funds/severance tax to cover a proposed reduction in 2011 federal grant funds.	\$24,500,000	\$273,306	89:1

Implementation Schedule:

This request is to maintain the current regulatory staffing/operational level for the Coal Program and is not for implementing a new program or a short-term project; therefore, an implementation schedule is not applicable.

Statutory and Federal Authority:

Coal Regulatory Program:

State Authority: Section 34-33-101 CRS
 Federal Authority: (SMCRA) 1977 – PL 95-87

Severance Tax Authority: Section 39-29-109 CRS

Performance Measures:

DRMS-1. Mined Land Reclamation

Objective: Reclaim disturbed coal mine acres to a beneficial post mining land use

Performance Measure	Outcome	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request
Final bond release – expressed as a percentage of the total number of disturbed mine acres recorded per fiscal year.	Benchmark	1.5%	3.0%	5.0%	5.0%
	Actual	3.5%	5.3%	Unknown	Unknown

DRMS-2. Regulate Mining

Objective: Protect the environment by ensuring regulatory compliance at coal and non-coal mine sites.

Performance Measure	Outcome	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request
The percent of inspected coal and non-coal mine sites that are in regulatory compliance annually.	Benchmark	100%	100%	100%	100%
	Actual	98%	97%	Unknown	Unknown

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: San Juan Forecaster
 Department: Natural Resources
 Priority Number: DI-2 of 7
 Dept. Approval by: *Will H. Levine*
 OSPB Approval: *Julia Ramsey*
 Date: 10/8/2010
 Date: 10/14/2010

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	\$689,414	\$676,970	\$0	\$676,970	\$690,039	\$28,179	\$718,218	\$0	\$718,218	\$28,179
	FTE	7.1	7.7	0.0	7.7	7.7	0.7	8.4	0.0	8.4	0.7
	GF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	CF	\$303,959	\$281,341	\$0	\$281,341	\$284,595	\$0	\$284,595	\$0	\$284,595	\$0
	CFE/RF	\$380,158	\$377,504	\$0	\$377,504	\$387,053	\$28,179	\$415,232	\$0	\$415,232	\$28,179
	FF	\$5,297	\$18,125	\$0	\$18,125	\$18,391	\$0	\$18,391	\$0	\$18,391	\$0
(3) Geological Survey, Colorado Avalanche Information Center	Total	\$689,414	\$676,970	\$0	\$676,970	\$690,039	\$28,179	\$718,218	\$0	\$718,218	\$28,179
	FTE	7.1	7.7	0.0	7.7	7.7	0.7	8.4	0.0	8.4	0.7
	GF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	CF	\$303,959	\$281,341	\$0	\$281,341	\$284,595	\$0	\$284,595	\$0	\$284,595	\$0
	CFE/RF	\$380,158	\$377,504	\$0	\$377,504	\$387,053	\$28,179	\$415,232	\$0	\$415,232	\$28,179
	FF	\$5,297	\$18,125	\$0	\$18,125	\$18,391	\$0	\$18,391	\$0	\$18,391	\$0

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: None
 Letternote Text Requested for FY 2011-12: None
 Cash or Federal Fund Name and COFRS Fund Number:
 Reappropriated Funds Source, by Department and Line Item Name: Colorado Department of Transportation
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments: Colorado Department of Transportation

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources / Colorado Geological Survey
Priority Number:	
Change Request Title:	San Juan Forecaster

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is to increase the Colorado Avalanche Information Center's (CAIC) appropriation by \$28,180 in Reappropriated Funds. The increase in the CAIC's Reappropriated Funds will allow the Department of Transportation (CDOT) to increase an existing contract with the CAIC for avalanche forecasting along state and federal highways, and training for CDOT personnel in workplace avalanche safety. The increase in the contract funds will be used to add a permanent part-time Physical Science Researcher/Scientist I (PSR/S I) position to address avalanche forecasting needs in the US550 (Red Mountain Pass) and SH145 (Lizard Head Pass) corridors. The fund source for the existing CAIC contract with the Colorado Department of Transportation is cash funds from the Construction, Maintenance, and Operations long bill line and will have no effect on the General Fund.

General Description of Request:

Colorado is the most avalanche-prone state in the U.S. with the highest number of avalanche deaths in the last 50 years. The Colorado Avalanche Information Center (CAIC) was created in 1983 and is currently a program within the Colorado Geological Survey (CGS) and Department of Natural Resources (DNR). The CAIC is responsible for

promoting safety by reducing the impact of avalanches on recreation, industry, and transportation through a program of forecasting, education and research. During FY 2007-08, the CAIC funding sources were approximately: 51% contracts with CDOT, 25% Severance Tax, 14% private donations, 5% ski industry donations, 4% federal, 1% county and city governments.

Avalanches that reach Colorado's roadways have a significant impact on the movement of goods and services as well as the safety of the traveling public and CDOT employees. In 1992, CAIC began working with CDOT to provide avalanche forecasts for the most vulnerable state and federal highways in Colorado, and avalanche safety training for CDOT staff. The program began with one office containing two forecasters for US 550, but quickly grew to four offices containing six forecasters by the fall of 1996. There were no significant increases to the CAIC/CDOT program until the FY 2009-10 budget cycle when the contract increased by \$34,456. These funds were necessary to pay for the reclassification of existing staff from the Engineering Science Technician (EST) to Physical Scientist/Research Scientist (PSR/S) class (\$18,835), cover administrative costs (\$3,678), and fund a portion of a seasonal forecaster (Temporary Aide) for SH 145 (\$11,943).

Following the calendar year 2009-2010 operating season, we now have two years of experience with a half-time forecaster for SH 145. Our experience has shown that it is difficult for a part-time employee to adequately address the forecasting needs of the SH 145 corridor due to the dramatically fluctuating workload of an avalanche forecaster. During stormy periods we need a forecaster on the highway to work with CDOT crews. A full-time forecaster may be able to reduce the amount of time the highways are closed.

The number of forecasters for US 550 (Red Mountain, Molas, and Coal Bank Passes) have remained unchanged since 1992 (two forecasters in based in Silverton). Changes in traffic levels and management of the highway within this corridor have increased the demands on the current allocated forecasting resources. This proposal is to create a new position based in Ouray that will cover SH 145 and contribute to the existing forecasting program on US 550, as the workload exceeds the current staff level. State Personnel

guidelines dictate that employees that perform similar work and have similar responsibilities must have a similar classification and receive similar compensation. Therefore this position can no longer be a Temporary Aide. This position is proposed to be in the PSR/S I class with an annual FTE of 0.7.

Consequences if Not Funded:

The CAIC/CDOT program increases the safety of CDOT personnel and the traveling public along the Colorado highways. Without proper funding, the number of road closures and the length of the closures along US 550 (Red Mountain, Molas, and Coal Bank Passes) and SH 145 (Lizard Head Pass) will increase. This increase will have a negative impact on the citizens and economies that rely on these road corridors. Pressure to keep the road corridors open without proper forecasting staff will increase the hazard to both CDOT staff and the traveling public. Both CAIC and CDOT personnel are committed to safeguarding the public and the flow of goods and services along Colorado highways. They will continue to perform their duties to the best of their ability.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$28,180	\$0	\$0	\$28,180	\$0	0.7

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$28,180	\$0	\$0	\$28,180	\$0	0

Cash Funds Projections:

Not applicable. These reappropriated funds will come from the Colorado Department of Transportation's Construction, Maintenance, and Operations long bill line and will have no effect on the General Fund. The Construction, Maintenance, and Operations line is primarily funded from the State Highway Fund.

Assumptions for Calculations:

Amount based on .7 FTE at the PSR/S I series range minimum including PERA and Medicare. \$11,943 was deducted as partial funding for a seasonal position was previously added through an approved FY2009-10 change request.

No operating expenses are included. This part-time position does not require the operating expenses listed in the budget schedule 13. The CAIC currently has adequate computing and equipment resources for this position. CDOT will supply vehicles and work space from its current resources.

Impact on Other Government Agencies:

Without an increase in spending authority, CAIC will be unable to provide adequate avalanche forecasting operations for CDOT. Without the services provided by CAIC, CDOT will be unable to maintain the level of safety along state and federal highways during the winter months. Since CDOT contracts the avalanche forecasting work for their operations to CAIC, they are not prepared to assume these tasks.

Cost Benefit Analysis:

In the spring of 2008, the Denver Post estimated that a one-hour closure of the mountainous portion of I-70 results in an economic loss of over \$1,000,000 ("I-70: Going Gets Tougher", Denver Post, April 7, 2008). The economic loss due to closures along US 550 and SH 145 are most likely substantially lower, however these roads are both vital to local economies. In 2009-2010, 2008-2009, and 2006-2007 there were periods where all routes through the San Juan Mountains were closed due to snowfall and avalanche danger. The local population relies on the roadways for supplies and to reach medical and other services not available locally.

Implementation Schedule:

Task	Month/Year
Internal Research/Planning Period	April and May 2011
Written Agreement w/ Other State Agencies	July 2011
FTE Hired	September 2011
Start-Up Date	October 2011

Statutory and Federal Authority:

Section 34-1-101, C.R.S. (2007) Geological survey created - purpose - avalanche information center.

(1) There is hereby established the Colorado geological survey, which is a division of the department of natural resources. The purpose of the survey is to coordinate and encourage by use of appropriate means the full development of the state's natural resources, as the same are related to the geological processes that affect realistic development of human and mineral utilization and conservation practices and needs in the state of Colorado, all of which are designed to result in an ultimate benefit to the citizens of the state.

(2) There is hereby created, within the Colorado geological survey, the Colorado avalanche information center to carry out a program of avalanche forecasting and education.

Performance Measures:

<u>Performance Measure:</u>	<u>Outcome</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
		<u>Actual</u>	<u>Actual</u>	<u>Approp.</u>	<u>Request</u>
Make winter travel and recreation in the Colorado mountains safer through avalanche safety training and	Benchmark	0.122	0.122	0.122	0.122
	Actual	0.078			

forecasting as measured by the number of avalanche deaths per 100,000 population per year					
---	--	--	--	--	--

CAIC expects that implementation of this decision item will positively impact the performance measure of reducing avalanche deaths by ensuring that the highways are kept safe and open during the winter and that corresponding avalanche deaths will not increase per 100,000 population.

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Modify Footnote Regarding Use of Emergency Funds
 Department: Natural Resources Dept. Approval by: *Willie H. Levine* Date: 10/8/2010
 Priority Number: DI-3 of 7 OSPB Approval: *Julia Ramsey* Date: 10.14.10

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$0	\$1,500,000	\$0	\$1,500,000	\$0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$0	\$1,500,000	\$0	\$1,500,000	\$0
	CFE/RF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Oil and Gas Conservation Commission, Emergency Response	Total	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$0	\$1,500,000	\$0	\$1,500,000	\$0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$0	\$1,500,000	\$0	\$1,500,000	\$0
	CFE/RF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Non-Line Item Request: None
 Letternote Revised Text for FY 2011-12: None
 Footnote Text Requested for FY 2011-12: Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- It is the intent of the General Assembly that funding for this line item be expended in the event that there is an oil and gas related emergency under the jurisdiction of the Oil and Gas Conservation Commission. The purpose of this funding is for the 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. If the Oil and Gas Conservation Commission Director and the Oil and Gas Conservation Commission have reasonable cause to believe that this line will not be expended in full, the Commission acting by order may authorize up to 15% of this line to be used to fund projects on the Plugging and Reclaiming Abandoned Wells project list in order to protect the public health, safety, or welfare, or the environment.
 Cash or Federal Fund Name and COFRS Fund Number: #170 Oil and Gas Conservation and Emergency Response
 Reappropriated Funds Source, by Department and Line Item Name:
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments:

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources
Priority Number:	DI-3 of 7
Change Request Title:	Modify Footnote Regarding Use of Emergency Funds

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Natural Resources requests a FY 2011-12 modification of the footnote governing the use of the Colorado Oil and Gas Conservation Commission's (OGCC) Emergency Response Long Bill line item. The Department requests that this footnote be modified to allow up to 15% of this line to be used for mitigating oil and gas impacts that are a concern to the OGCC staff and commissioners due to the potential threat to the environment, public health, and/or wildlife.

General Description of Request:

The Department of Natural Resources requests a footnote change that would allow up to 15% of the Emergency Response line to be used for conducting reclamation at former oil and gas locations to mitigate impacts to the environment, public health, and wildlife. Footnote 37 in House Bill 10-1376 reads:
"Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- It is the intent of the General Assembly that funding for

this line item be expended in the event that there is an oil and gas related emergency under the jurisdiction of the Oil and Gas Conservation Commission. The purpose of this funding is for the 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 Department requests that additional language be appended to this footnote granting the Oil and Gas Conservation Commission the flexibility to expend up to 15% annually on mitigating impacts that don't satisfy the “immediate action” threshold. The Department believes that the following language would accomplish this:

“If the Oil and Gas Conservation Commission Director and the Oil and Gas Conservation Commission have reasonable cause to believe that this line will not be expended in full, the Commission acting by order may authorize up to 15% of this line to be used to fund projects on the Plugging and Reclaiming Abandoned Wells project list in order to protect the public health, safety, or welfare, or the environment.”

This change will allow the OGCC to address a backlog of reclamation projects funded by the *Plugging and Reclaiming Abandoned Wells (PRAW)* line item. Projects for this line item are prioritized based on potential threats to human health and the environment. The PRAW list currently includes 68 projects that are in-process or planned. Seventeen (17) of the 68 sites are high priority sites. With an estimated total cost of \$438,000 the funding needed to address these high priority sites already exceeds the agency's annual appropriation of \$220,000. If no new high priority sites are added to the list it will take two years to address these sites within current appropriations; however, additional sites are currently being inspected and reviewed to assess the reclamation need and potential threat to public health and the environment. Projects that do not meet the emergency

response criteria are added to the growing list of projects to be funded by PRAW. These projects include high priority abandoned gas wells; open, unfenced pits; and large multi-well pads that will require significant reclamation. As high priority sites are continually added to the PRAW project list it is unlikely that lower priority reclamation sites will be addressed in a timely or efficient manner and many of them will remain unaddressed for years unless some additional flexibility is provided in the agency's funding.

Reclamation issues pose a threat to public health, the environment, and wildlife resources. Damaged soils are susceptible to stormwater erosion which can increase sediment loading in surface waters and mobilize contaminants that can impact drinking water supplies. Sediment loading of surface water also has potential to degrade wildlife habitat. Furthermore, the sooner some of these non-emergency oil and gas impacts are addressed, the less likely they are to become costly, urgent situations that can cause significant environmental damage or harm to public health.

One example of a non-emergency but potentially serious oil and gas impact is the Florence Oil Field, where about 700 wells were drilled between 1862 and 1908, decades before oil and gas regulations existed. Most of these wells were improperly plugged and several have been found to be venting combustible gases. The OGCC inspection staff working with environmental staff is developing plans to identify, evaluate, and prioritize all of the wells, in terms of their risk to the public and environment. Additional flexibility in the use of emergency response funds would allow for multi-well plugging packages and multi-site reclamation projects to be developed and put out to bid, saving significant time and money in the long term.

The PRAW line item has remained at the \$220,000 level since FY 1997-98. Although the OGCC typically fully expends this appropriation, additional funds have never been sought because the most limiting factor regarding the number of projects undertaken has usually been staffing, rather than funding. Recent reorganization and growth of the agency's inspection unit has significantly increased the OGCC's capacity to discover and mitigate oil and gas impacts. The inspection unit was formed to perform several specific functions including the identification of orphaned well sites, management and monitoring

of reclamation projects, and minimization of cumulative impacts from oil and gas operations. One of the stated purposes of the revised inspection unit is to ensure that site reclamation occurs quickly and completely. In 2007 the Colorado Oil and Gas Conservation Act was amended and the commission is now obligated to protect wildlife resources including their environment and habitat. Reclaiming sites to reduce erosion, remove equipment, close pits and promote re-growth of vegetation can improve wildlife habitat.

The Emergency Response line was added to the OGCC's budget in the FY2006-07 Long Bill at \$1,500,000. Since its inception the Colorado Oil and Gas Conservation Commission has expended a total of \$416,582 from this line (\$71,904 in FY2006-07 and \$344,678 in FY2007-08.)

The flexibility in funding that is requested would allow additional reclamation projects to be completed that would benefit public health, the environment, agricultural stakeholders and wildlife habitat and would assist the OGCC in meeting its mission. At current appropriations of \$1,500,000 for the emergency response fund, this added flexibility could allow the Commission to address an additional \$225,000 worth of projects annually. The department would continue to require an order through the Colorado Oil and Gas Conservation Commission before accessing the Emergency Response funds, as well as provide a summary report of the projects funded in the prior fiscal year.

Consequences if Not Funded:

Without the additional funding the COGCC will be required to delay action on currently identified reclamation projects and will not be able to address new low priority sites for many years. Delays in conducting reclamation have potential to increase threats to public health, safety, and welfare, the environment and wildlife resources. Failure to conduct reclamation timely and efficiently also increases long term costs to the state. The agricultural community faces increased costs and decreased productivity as a result of improperly reclaimed oil and gas wells. Delays in addressing cumulative impacts from oil and gas will reduce the public's confidence in the state's ability to effectively

balance development of oil and gas resources in a manner that is protective of public health, safety and welfare, including protecting the environment and wildlife resources.

- Improperly plugged wells will continue to leak combustible gases; continued leakage increases potential for drinking water aquifers to be impacted or for combustible gases to accumulate in confined spaces creating public safety hazards. Water erosion moves sediments including topsoil offsite increasing sediment load in surface waters which increases potential for impacts to public health and wildlife habitat.
- Soils severely damaged by highly saline produced water do not remediate through natural processes and non-reclaimed sites can expand without intervention. Damaged soils are susceptible to water and wind erosion causing loss of topsoil and additional destruction of vegetative cover. These areas are then susceptible to further erosion causing the total acreage that requires active reclamation to expand, which increases total project costs.
- Impacts to agriculture stakeholders include loss of arable land where soils are no longer productive, reduced grazing potential due to loss of vegetative cover and/or acreage occupied equipment and debris such as concrete slabs, process equipment and pipeline risers. The agricultural community also faces increased costs in managing impaired soils which may require the addition of nutrients and other amendments. Lost revenue from decreased yield and reduced arable land has not been calculated but is assumed.
- Local governmental agencies that assist the agricultural community will face increased costs as they conduct studies and provide recommendations to farmers and ranchers to manage impaired soils. Loss of natural grasses and crops also provide opportunity for weed infestations, which may require county agencies to expend funds to implement programs to control noxious weeds, reclaim infested acres and protect weed-free lands.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	0.0

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	0.0

The OGCC has sufficient spending authority to implement this change in footnote. No new spending authority is requested.

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
<u>Oil and Gas Conservation and Emergency Response Fund</u>	<u>170</u>	<u>\$5,721,130</u>	<u>\$6,234,350</u>	<u>\$4,388,848</u>	<u>\$2,078,984</u>	<u>\$641,715</u>

Assumptions for Calculations: N\A

Impact on Other Government Agencies: N\A This footnote change will not impact other government agencies.

Cost Benefit Analysis: This request is for added flexibility in the OGCC's Emergency Response line and does not include a request for new funding. As such, the cost is \$0. However, by repurposing

this existing spending authority, the OGCC may be able to prevent more costly emergency projects in the future. The two examples below demonstrate this potential for future cost savings.

The Bryce 1X project was a situation in which the OGCC used emergency supplemental funding to plug an abandoned gas well after an explosion damaged a trailer house and severely burned a man. In the investigation, significant impacts to groundwater and soils were identified. After an initial expenditure of over \$500,000, the state continues to expend about \$20,000 per year to monitor this area. An expanded program allowing OGCC staff to actively review, assess and plug more leaking wells may have identified the Bryce 1X as a risk before the explosion occurred and may have significantly reduced the extent of soil and groundwater contamination. Potential savings to the State are difficult to estimate, because the plugging cost of \$352,000 would have been incurred, regardless. But the soil and water contamination probably would have been less severe, resulting in less costly environmental remediation and ongoing monitoring. Even more difficult to quantify, in terms of benefits to the State, is the avoidance of harm to public health and safety.

The Trinidad MGP #1 is another site where a poorly plugged well caused an explosion that damaged a house and injured three people. The well caused minor impacts to soils and groundwater but continues to vent methane to the atmosphere. Emergency funds were used to attempt to plug the well and install additional safety measures. Earlier identification and action by the OGCC would not have saved the \$97,000 plugging expense, but serious injuries and a significant portion of the \$70,000 emergency investigation and environmental remediation cost could have been avoided.

Implementation Schedule:

This additional flexibility will be available to the OGCC at the beginning of FY 2011-12. No further implementation is required.

Statutory and Federal Authority:

Section 34-60-102(1) C.R.S. (2010): Oil and Gas Conservation Act – declares it is to be in the public interest to foster the responsible, balanced development, production, and

utilization of the natural resources of oil and gas in the state of Colorado in a manner consistent with protection of public health, safety, and welfare, including protection of the environment and wildlife resources.

Performance Measures:

Performance Measure	Outcome	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request
Number of orphaned oil & gas wells plugged and abandoned and sites reclaimed by the OGCC.	Benchmark	27	27	27	27	27
	Actual	41	8	9	14	20

In FY 2008-09 and FY 2009-10, the OGCC completed a smaller than usual number of projects because projects selected were more time-consuming and costly than more typical projects. Project selection was prioritized based on the threat to public health, safety, and welfare; the environment; or wildlife.

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Snowmobile Program Costs Refinance
 Department: Natural Resources Dept. Approval by: *Will St. Levine* Date: 10/14/2010
 Priority Number: DI-4 of 7 OSPB Approval: *Julia Ramsey* Date: 10.14.10

	Fund	1	2	3	4	5	6		8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	28,078,577	24,458,811	0	24,458,811	24,781,994	0	24,781,994	0	24,781,994	0
	FTE	246.7	255.7	0.0	255.7	255.7	0.0	255.7	0.0	255.7	0.0
	GF	2,373,023	1,643,963	0	1,643,963	1,693,665	0	1,693,665	0	1,693,665	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	25,300,134	22,369,459	0	22,369,459	22,642,940	0	22,642,940	0	22,642,940	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	405,420	445,389	0	445,389	445,389	0	445,389	0	445,389	0
(6) Parks and Outdoor Recreation, (A) State Park Operations	Total	28,078,577	24,458,811	0	24,458,811	24,781,994	0	24,781,994	0	24,781,994	0
	FTE	246.7	255.7	0.0	255.7	255.7	0.0	255.7	0.0	255.7	0.0
	GF	2,373,023	1,643,963	0	1,643,963	1,693,665	0	1,693,665	0	1,693,665	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	25,300,134	22,369,459	0	22,369,459	22,642,940	0	22,642,940	0	22,642,940	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	405,420	445,389	0	445,389	445,389	0	445,389	0	445,389	0

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: None
 Letternote Text Requested for FY 2011-12: (A) State Park Operations, letternote "a" language will be changed to increase the amount from the Snowmobile Recreation Fund by \$65,715 and to correspondingly decrease the amount from the Parks and Outdoor Recreation Cash Fund by \$65,715.
 Cash or Federal Fund Name and COFRS Fund Number: CF: Parks Cash Fund 172 and Snowmobile Recreation Fund 173
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments: N/A

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources – Division of Parks and Outdoor Recreation
Priority Number:	DI-4 of 7
Change Request Title:	Snowmobile Program Costs Refinance

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This is a FY 2011-12 Decision Item Request to refinance the spending authority for the administration of the Snowmobile Program. This would be accomplished through a change in the State Parks Operations Long Bill line annotation “a” by increasing the funding from the Snowmobile Recreation Fund by \$65,715 and decreasing the funding from the Parks Cash Fund by \$65,715. This refinance would not result in a net change to the total appropriation. The division of Parks requests a refinance to ensure that the costs of managing the Snowmobile Program are funded to the greatest extent possible from the Snowmobile Recreation Fund, which derives its revenues from snowmobile registration fees.

General Description of Request:

This is a FY 2011-12 Decision Item Request to refinance the spending authority for the administration of the Snowmobile Program. This would be accomplished through a change in the State Parks Operations Long Bill line annotation “a” by increasing the funding from the Snowmobile Recreation Fund by \$65,715 and decreasing the funding from the Parks Cash Fund by \$65,715. This request is 100% Cash Funded because it will enable the Division to have the spending authority needed to pay for the existing

administrative costs of the Snowmobile Program with the Snowmobile Fund revenues rather than the Parks Cash Fund. The refinance will have no impact to the General Fund, and it will have a net zero impact to the Division's overall operational budget.

The requested amount of refinance is \$65,715, and it is a conservative number based on the review of the actual administrative costs to carry out the Snowmobile Program. Currently, the administrative overhead for the Snowmobile Program is largely subsidized by the Parks' Cash Fund. Due to the General Fund budget reductions, the State Parks Operations line is unable to continue subsidizing the Snowmobile Program's administrative costs related to processing and issuance of registrations. Specifically, the division requests that the operational costs of the State Parks' Registrations Unit attributable to the snowmobile registrations be paid by the Snowmobile Recreation Fund.

The Registrations Unit processes between 36,000 and 38,000 snowmobile registrations per year, which is approximately 14% of the unit's total registration volume. The processing time is about the same for all registrations. Since 14% of the Registrations Unit's work is to support the Snowmobile Program, the division requests to increase the spending authority from the Snowmobile Recreation Fund by \$65,715. The amount of \$65,715 is 14% of this unit's annual operational costs.

Additionally, Snowmobile Program already pays a base of \$56,975 for administrative overhead related to management, budget, and accounting. As such, the request would have the Snowmobile Program pay for a total of \$122,690 in State Park Operations in FY 2011-12.

The division has also considered the administrative cost ceiling per Section 33-14-106 C.R.S. and the ability of the Snowmobile Program revenues to support this additional spending authority request. According to the Section 33-14-106 C.R.S., the Division can use up to five dollars per original or renewal snowmobile registration for administrative costs. The division sells between 36,000 and 38,000 snowmobile registrations annually which result in approximately \$185,000 statutory cap for the administrative costs based on the recent three fiscal year information.

This request has a net-zero impact on the State Parks overall operational budget. The purpose of the request is to enable State Parks to “true up” the spending authority for Snowmobile administration to more closely reflect the actual administrative costs of the Snowmobile Program. The existing Snowmobile Fund revenues are able to support this requested refinance.

Consequences if Not Funded:

If this request is not funded, the Division will have to continue subsidizing the administrative overhead for the Snowmobile Program out of the Parks’ Cash Fund. However, due to the General Fund budget reductions, continuing to subsidize the Snowmobile Program’s administrative costs related to processing and issuance of registrations would present a significant burden to the State Parks Cash Fund.

Not refinancing the administrative overhead related to the Registrations Unit’s cost will negatively impact the amount of funding available for providing a current level of customer service at Colorado state parks.

This request has a net-zero impact on the State Parks overall operational budget. The requested refinance will provide the spending authority needed so that the Snowmobile Program pays for its share of the Registrations Unit’s administrative costs. The existing Snowmobile Fund revenues are able to support this requested refinance. State Parks will continue to be in compliance with the statutory limitations for the administrative cost pursuant to the Section 33-14-106 C.R.S.

In general, funding for this request is essential for the Department to meet critical goals, such as providing outdoor recreation in Colorado. Outdoor recreation is an important and sizable portion of Colorado’s tourism economy.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request - (A) State Park Operations Long Bill Line Item	\$0	\$0	\$0	\$0	\$0	0.0
Snowmobile Recreation Fund – annotation “a” to the (A) State Park Operations Long Bill Line Item	\$65,715	\$0	\$65,715	\$0	\$0	0.0
Parks and Outdoor Recreation Cash Fund – annotation “a” to the (A) State Park Operations Long Bill Line Item	(\$65,715)	\$0	(\$65,715)	\$0	\$0	0.0

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request - (A) State Park Operations Long Bill Line Item	\$0	\$0	\$0	\$0	\$0	0.0
Snowmobile Recreation Fund – annotation “a” to the (A) State Park Operations Long Bill Line Item	\$65,715	\$0	\$65,715	\$0	\$0	0.0
Parks and Outdoor Recreation Cash Fund – annotation “a” to the (A) State Park Operations Long Bill Line Item	(\$65,715)	\$0	(\$65,715)	\$0	\$0	0.0

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures*	FY 2009-10 End of Year Cash Balance*	FY 2010-11 End of Year Cash Balance Estimate*	FY 2011-12 End of Year Cash Balance Estimate*	FY 2012-13 End of Year Cash Balance Estimate*
Parks and Outdoor Recreation Cash Fund	172	\$30,241,102	\$2,650,870	\$2,650,870	\$2,650,870	\$2,650,870
Snowmobile Recreation Fund	173	\$906,409	\$496,069	\$480,193	\$396,899	\$313,605

*All amounts are in millions. Cash balances reported represent fund balance amounts projected at year-end.

Assumptions for Calculations:

This request is technical in nature. The Division has reviewed the actual administrative costs of the Registrations Unit to carry out the Snowmobile Program during the last three fiscal years (FY 2006-07 through FY 2008-09).

1) Snowmobile registrations as a percentage of the Registrations Unit’s work volume:
 37,000 average number of snowmobile registrations processed per year
 $\div 270,000$ average total number of different registrations (OHV, snowmobile, boat)
Approximately 14%

2) Registration Unit costs attributable to the snowmobile registrations:
 \$469,378 average Registration Unit costs (3-year actual costs average)
 x 14% to process snowmobile registrations
\$65,715 approximate Registration Unit’s annual operational costs in order to process snowmobile registrations

Impact on Other Government Agencies:

This request will not have an impact on other government agencies.

Cost Benefit Analysis:

Because this Decision Item request is technical in nature and has no net cost, the Division has not done a cost benefit analysis. This Decision Item request is to refinance \$65,715 of Parks Cash Fund spending authority with an equal amount of the Snowmobile Fund spending authority in State Parks Operations Long Bill line item, annotation “a”, in order to better reflect the administrative costs of the Snowmobile Program. This action will create no new costs to the State, and the associated programs will continue to provide the same benefit that they currently do.

Implementation Schedule:

Task	Month/Year
Achieve equitable refinance of State Park Operations	July 1, 2011 – June 30, 2012

Statutory and Federal Authority:

33-14-106, C.R. S. (1985) Snowmobile recreation fund - creation - use of moneys. Except as provided in Section 33-15-103 (1), C.R.S., when enforcement is by a wildlife officer, all fees from the registration of snowmobiles and one-half of all moneys collected for fines under this article, and all interest earned on such moneys, shall be credited to the snowmobile recreation fund, hereby created, and shall be used for the administration of this article and for the establishment and maintenance of snowmobile trails, vehicle parking areas, and facilities. However, any moneys collected in excess of five dollars per original or renewal registration shall be used exclusively for direct services and not administrative costs. The remaining one-half of all fines collected shall be credited to the state general fund.

Performance Measures:

The following performance measures, in the Division’s Strategic Plan, are supported by this request: park acres, park stewardship, and customer satisfaction. In the absence or

delay of adequate funding for State Park Operations, the Division's ability to meet its benchmark performance will be compromised.

Since this Decision Item is technical in nature and has a net zero impact to the Division, it will not have an impact on any of the strategic plan performance measures. The result will be increased transparency for the administrative costs of the Snowmobile Program and a more fair funding of the Division's overhead costs.

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Increased Dues
 Department: Natural Resources
 Priority Number: DI-5 of 7
 Dept. Approval by: *Will H. Levi*
 OSPB Approval: *Jessica Ramsey*
 Date: 10/18/2010
 Date: 10.14.10

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	440,855	472,761	0	472,761	472,761	13,076	485,837	0	485,837	13,076
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	440,855	472,761	0	472,761	472,761	13,076	485,837	0	485,837	13,076
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(7)Colorado Water Conservation Board, (A) Administration, Operating	Total	85,366	95,190	0	95,190	95,190	390,647	485,837	0	485,837	390,647
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	85,366	95,190	0	95,190	95,190	390,647	485,837	0	485,837	390,647
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(7)Colorado Water Conservation Board, (A) Administration, Western States Water Council Dues	Total	27,500	27,500	0	27,500	27,500	(27,500)	0	0	0	(27,500)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	27,500	27,500	0	27,500	27,500	(27,500)	0	0	0	(27,500)
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(7)Colorado Water Conservation Board, (A) Administration, Interstate Compacts	Total	327,989	350,071	0	350,071	350,071	(350,071)	0	0	0	(350,071)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	327,989	350,071	0	350,071	350,071	(350,071)	0	0	0	(350,071)
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: None
 Letternote Text Requested for FY 2011-12: None
 Cash or Federal Fund Name and COFRS Fund Number: Colorado Water Conservation Board Construction Fund, Fund 424
 Reappropriated Funds Source, by Department and Line Item Name: Not Applicable
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments: Not Applicable

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Department of Natural Resources
Priority Number:	DI-5 of 7
Change Request Title:	Increased Dues

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Colorado Water Conservation Board (CWCB) requests additional cash funds in the amount of \$13,076 to pay the increase in dues assessed by 1) the Western States Water Council (WSWC), and 2) the Upper Colorado River Commission (UCRC). In addition, the CWCB is requesting to abolish two Long Bill line items – Interstate Compacts and Western States Water Council Dues – and incorporating the funding of these line items into the Operating Expenses Long Bill line item.

General Description of Request:

The mission of the CWCB is to develop, conserve, protect, and manage the state's water for present and future generations. In order to accomplish this, the CWCB must comply with – and enforce other states' compliance with – interstate compacts, Supreme Court decisions, and multi-state agreements. The WSWC and the UCRC are two of the many interstate water organizations that CWCB participates in. The specific goals and mandates of these organizations vary, depending on the watershed in question and other factors, but broadly put, CWCB's participation in interstate councils/commissions provides the state with a number of general benefits; CWCB's participation:

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

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

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

Both the WSWC and the UCRC establish yearly operating budgets, of which the State of Colorado pays an established percentage or portion for dues (also described as

assessments), in accordance with Sections 37-62-101 through 105, C.R.S. (2010). The dues are funded each year through two separate line items (Interstate Compacts and Western States Water Council) in the Long Bill.

Dues have been steadily increasing over the years. The dues (for all participants, not just Colorado) for the WSWC were last increased in FY 2007-08; Colorado's portion of the increase was \$2,500. Dues for the UCRC (again, for all participants) were last increased in FY 2008-09 and Colorado's portion increased by \$5,178. Decision items were submitted and approved for each of these increases. Despite these adjustments, however, since FY 2008-09 dues for the UCRC and WSWC have been higher than their corresponding appropriations in the Long Bill. During FY 2009-10 and FY 2010-11, CWCB has been able to cover the increased costs with other funding sources – specifically, funds from the Interbasin Compacts line item of the Long Bill. Moving forward this is not an option, however; FY 2011-12 Interbasin Compacts funding is currently fully earmarked for extensive in- and out-of-state travel that will be necessary during the next fiscal year. It is unlikely that the line item can absorb additional costs in FY 2011-12 or outyears.

Since FY 2008-09, DNR and CWCB have taken a conservative approach with regards to the number of decision items submitted. In previous fiscal years, CWCB's need for increased dues appropriations did not emerge as a priority relative to the other decision items submitted by the Department. Following this year's Departmental budget retreat, and in light of the inability of the Interbasin Compacts line item to continue to absorb additional costs, Department leadership approved the increased dues decision item.

For FY 2011-12, CWCB is requesting the following increases:

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

Both of these increases are necessary to allow these organizations to continue to support Colorado's interests in the many legislative, legal, and technical negotiations related to water law and water policy. As states continue to carry out their traditional role with regard to water allocation and management, the challenges are increasing. With changing and increasing demands on limited water resources, complicated by an increasingly complex overlay of federal laws and regulations, the importance of cooperative efforts and exchanges by and among states has likewise been magnified.

Since 2007, the UCRC has seen a significant increase in both the volume of its workload and the importance of the negotiations (and other transactions) that it has undertaken. Key projects in which the UCRC is currently participating include:

- Ongoing and intensive Colorado River negotiations between the United States and Mexico.
- The Bureau of Reclamation's Colorado River Supply and Demand Study.
- The Department of Interior's High Flow Experiment Protocol.
- The development of curtailment policies to help the Upper Basin states avoid litigation, should a compact curtailment become necessary.

These additional responsibilities have resulted in increased travel costs, increased workloads, and increased overall total costs.

CWCB is also requesting the consolidation of the Interstate Compacts and Western States Water Council Dues Long Bill line items into the existing Operating Expenses line item. This makes sense from an organizational and management standpoint. The various dues paid by the CWCB are clearly part of the day-to-day cost of operating the Division, and combining these three line items will allow greater flexibility with regards to handling future dues increases. Rather than seeking increased line item funding (in the form of decision items) every year to cover minor/incremental dues increases, CWCB staff can simply prioritize allocations within the Operating Expenses line item and make additional funding available for dues if necessary. CWCB may need to submit future decision items from time to time to true up the Operating Expenses appropriation with operating costs,

especially if there are significant dues increases or multiple years of increases that cannot be absorbed. However, as a general rule, the increased flexibility contained in this request should result in fewer decision items of this nature in the future.

Consequences if Not Funded:

Failure to fully fund dues for the WSWC could result in reductions or elimination of federal dollars that may come to Colorado for water projects and water policy initiatives. (Conversely, full participation significantly reduces these possibilities.) One example of a legislative initiative that WSWC successfully lobbied for was the NASA Thermal Infrared Satellite System, which is used by Colorado water managers for water administration and verification purposes. This Program costs the federal government tens of millions of dollars and the State of Colorado could not individually pay for such a system. The WSWC worked tirelessly to inform Congress and the Administration about the importance of this Program, and WSWC was able to keep this Program fully funded.

Failure to fully fund participation in the UCRC would be in violation of statutory requirements (see Section 37-62-105, C.R.S. (2010), which describes the payment of expenses to the Commission), and could result in expensive interstate litigation. In the most recent interstate water litigation, Colorado lost, after several decades, and was required to pay Kansas approximately \$35 million.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$13,076	\$0	\$13,076	\$0	\$0	0.0
Upper Colorado River Commission dues	\$10,576	\$0	\$10,576	\$0	\$0	0.0
Western States Water Council dues	\$2,500	\$0	\$2,500	\$0	\$0	0.0

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: Department of Natural Resources

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$13,076	\$0	\$13,076	\$0	\$0	0.0
Upper Colorado River Commission dues	\$10,576	\$0	\$10,576	\$0	\$0	0.0
Western States Water Council dues	\$2,500	\$0	\$2,500	\$0	\$0	0.0

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Construction Fund	424	\$23,406,644	\$23,742,603	\$768,415	\$559,229	\$52,722

Assumptions for Calculations:

Based on the budget adopted by the UCRC, dues will increase by a projection of \$10,576, bringing the total dues to \$184,239. Based on the budget adopted by the WSWC, dues have increased by \$2,500, bringing the total dues to \$30,000. Please see Attachment A for the supporting documentation of the dues increases for the interstate water organizations.

Impact on Other Government Agencies:

The Compacts and agreements entered into with other states will be impacted if the dues increases are not honored and will adversely impact Colorado's relationships with those states.

Cost Benefit Analysis:

A true cost-benefit analysis is difficult to develop because of the numerous assumptions that would be required. A cost vs. cost avoidance analysis helps highlight the potential risks to the state resulting from non-participation in the WSWC or UCRC. Consider the following scenario:

Pursuant to the Colorado River Compact of 1922 and the Upper Colorado River Basin Compact, Colorado has the right to consumptively use 3.855 million acre-feet of water annually. If Colorado forfeited just 1% of its entitlement as a result (direct or indirect) of the failure to pay the dues required by law and thus not participate in the UCRC, it would result in a loss of water use to the State in the amount of 38,550 acre-feet. To put this in real-world terms, this amount of water represents approximately 15% of the capacity of Dillon Reservoir, which is the largest water storage facility in the Denver Water system.

Current capital costs for water range from \$12,000 to \$17,000 per acre foot. Using these figures as a low and high estimate, the loss of 38,550 acre-feet of water, theoretically, could create the equivalent monetary loss in an amount between \$462 million and \$655 million for the state.

In addition, failure to participate fully in organizations mandated by law can result in legal actions by the other compacting states and in settlements ranging into the millions of dollars. For example, the recent *Kansas v. Colorado* decision that was finalized in 2010 cost Colorado approximately \$35 million in damages alone. Participation in the other organizations is considered essential to the development of coalitions with other Western States on federal legislation.

Cost	Benefits
Total dues increase = \$13,076 (the increase in dues will represent a cost of \$30,000 for the WSWC and \$184,239 for the UCRS, which is a total dues assessment amount of \$214,239 for the two organizations)	<ul style="list-style-type: none"> • Continue Colorado participation in compact administration and compact-related matters • Protect Colorado’s water interests (An annual benefit running into the hundreds of millions of dollars, which would eventually reach the range of \$462 million to \$655 million for the state) • Continue the current base operation of the compact line item and prevent further cuts in necessary travel to organizational meetings and events • Allow Colorado to effectively protect Colorado’s water interests in the face of increasing efforts needed to limit other states to their compact apportionment • Allow the CWCB to maintain the relationships necessary to address obstacles to water development.

Implementation Schedule:

Task	Month/ Calendar Year
Dues payable by law governing interstate Compacts	July 2011
Dues payable by written agreement with other states	July 2011

Statutory and Federal Authority:

Each of these two interstate water organizations establishes a yearly operating budget, of which the State of Colorado pays an established percentage for dues and/or assessments in accordance with Sections 37-62-101 and 105, C.R.S. (2010).

Section 37-62-101, C.R.S. (2010) states: “The general assembly hereby ratifies the compact among the states of Colorado, New Mexico, Utah, Wyoming, and Arizona, designated as the ‘Upper Colorado River Basin Compact.’” The statute continues and outlines the involvement of the Colorado Water Conservation Board with the Upper Colorado River Compact.

Section 37-62-105, C.R.S. (2010) describes the payment of expenses to the Commission. “The Colorado share of the expenses of the Upper Colorado River Commission and the expenses and the compensation of the Colorado member of that Commission shall be paid out of funds appropriated by the general assembly to the Colorado Water Conservation Board and warrants shall be drawn against such appropriations upon vouchers signed by the governor and the director of the Colorado Water Conservation Board.”

Performance Measures:

DNR’s Performance Measure #3 has a goal of achieving 100% overall compliance with interstate water compacts. Performance in this regard will be measured in terms of the percentage of times when the State of Colorado will receive the beneficial uses provided for or meet its contractual water delivery obligations. While payments of compact dues will not directly affect this performance measure, the spirit of this decision item is for Colorado to honor its commitments to interstate water organizations and pay its fair share

of the associated costs. In this regard, the intent of this decision item is consistent with one of the Department's highest priority objectives (interstate compact compliance).

Attachment A

WESTERN STATES WATER COUNCIL
FINANCIAL PROJECTIONS

SCENARIO	note re expense	EXPENSE	note re %	% refers to expense	DUES	% refers to dues	note re income	INCOME	% refers to income	note re reserves	RESERVES
2001-02	1	465,343			25,000		1	500,147		1	263,203
2002-03	1	460,675		-1.00%	25,000		1	462,885	-7.45%	1	265,413
2003-04	1	487,983		5.93%	25,000		1	473,010	2.19%	1	250,440
2004-05	1	442,174		-9.39%	25,000		1	455,994	-3.60%	1	264,260
2005-06	1	465,168	1	5.20%	25,000		1	488,055	7.03%	1	287,147
2006-07	1	479,477	1	3.08%	25,000		1	485,911	-0.44%	1	293,581
2007-08	1	606,955	1	26.59%	27,500	10%	1	586,263	20.65%	1	272,889
2008-09	1	580,712	1	-4.32%	30,000	9.10%	1	567,874	-3.14%	1	260,051
2009-10	2 3	595,403	2 3	2.53%	30,000		2 3	600,663	5.77%	2 3	265,311
2010-11	4	543,300	4	-8.75%	30,000		4 6	543,300	-9.55%	4 6	265,311

- 1 Actual Income, Expenditures and Reserves
- 2 Assumes that NARF symposium will be held.
- 3 Based on estimated figures for fiscal year.
- 4 Based on proposed budget

APPROVED FY 2011 Budget*
 UPPER COLORADO RIVER COMMISSION
 7/1/10 TO 6/30/11

	As Approved 6/10/2010
Personnel Costs	326,023
Travel	29,000
Current Expense	38,900
Janitor	1,200
Income (Newsletter)	-1,000
Capital Expense	4,600
Contingency	4,000
TOTAL	402,723

2011 State Assessments (assumes a 3% increase)

(this is a 3% increase over FY2010)

	State %	FY 2010	FY 2011	tentative FY 2012
Colorado	51.75	\$ 173,663	\$ 178,873	\$ 184,239
New Mexico	11.25	\$ 37,752	\$ 38,885	\$ 40,051
Utah	23	\$ 77,183	\$ 79,498	\$ 81,883
Wyoming	14	\$ 46,981	\$ 48,390	\$ 49,842
Total		\$ 335,579 last yr.	\$ 345,646 this yr.	\$ 356,015 next yr.

*Based on approval by the General Assembly

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Adjustments to Leased Space
 Department: Natural Resources Dept. Approval by: *Will H. Levin* Date: *10/18/2010*
 Priority Number: DI-6 of 7 OSPB Approval: *Julia Ramsey* Date: *10.14.10*

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	29,263,667	25,770,295	0	25,770,295	26,135,361	10,973	26,146,334	0	26,146,334	10,973
	FTE	246.7	0.0	0.0	255.7	0.0	0.0	255.7	0.0	255.7	0.0
	GF	2,874,705	2,168,359	0	2,168,359	2,237,945	0	2,237,945	0	2,237,945	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	25,957,461	23,130,173	0	760,714	23,425,095	10,124	23,435,219	0	23,435,219	10,124
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	431,501	471,763	0	471,763	472,321	849	473,170	0	473,170	849
(1) Executive Director's Office, Leased Space	Total	1,185,090	1,311,484	0	1,311,484	1,353,367	12,773	1,366,140	0	1,366,140	12,773
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	501,682	524,396	0	524,396	544,280	0	544,280	0	544,280	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	657,327	760,714	0	760,714	782,155	11,924	794,079	0	794,079	11,924
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	26,081	26,374	0	26,374	26,932	849	27,781	0	27,781	849
(6) Parks and Outdoor Recreation, State Park Operations	Total	28,078,577	24,458,811	0	24,458,811	24,781,994	(1,800)	24,780,194	0	24,780,194	(1,800)
	FTE	246.7	0.0	0.0	255.7	0.0	0.0	255.7	0.0	255.7	0.0
	GF	2,373,023	1,643,963	0	1,643,963	1,693,665	0	1,693,665	0	1,693,665	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	25,300,134	22,369,459	0	22,369,459	22,642,940	(1,800)	22,641,140	0	22,641,140	(1,800)
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	405,420	445,389	0	445,389	445,389	0	445,389	0	445,389	0

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: None
 Letternote Text Requested for FY 2011-12: None
 Cash or Federal Fund Name and COFRS Fund Number: Various sources of cash
 Reappropriated Funds Source, by Department and Line Item Name:
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments:

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources
Priority Number:	DI-6 of 7
Change Request Title:	Adjustments to Leased Space

Change Request Type:

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Natural Resources (DNR) is requesting an increase of \$12,773 to its Leased Space line item for state fiscal year 2011-12, consisting of \$11,924 in Cash Funds and \$849 in Federal Funds. DNR is also requesting a corresponding reduction of \$1,800 in Cash Funds to the Department of Parks and Outdoor Recreation's State Parks Operations line item. In total, the Department is requesting an increase of \$10,124 in Cash Funds and \$849 in Federal Funds, for a net total increase of \$10,973 in FY 2011-12. This increase will allow the Department to secure sufficient leased space to meet operational needs. The Department anticipates managing a total of 45 lease agreements statewide during FY 2011-12. The increase represents the net effect of cost adjustments (both up and down) for 1) new leases, 2) lease renewals planned for FY 2011-12, and 3) ongoing leases.

General Description of Request:

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

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

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

As part of the FY 2010-11 budget request, the Department submitted a decision item to account for a number of changes in the Leased Space line item. This decision item was for \$30,483 total funds, annualizing to \$72,378 total funds in FY 2011-12, resulting in a base funding level for leased space of \$1,353,367 in FY 2011-12.

Since this base funding level was established, Department staff have refined their projections for lease costs in FY 2011-12 (and FY 2012-13). Many projected lease costs remain unchanged from the original estimates; some leases increased in cost due to contractually agreed-upon escalators or higher-than-anticipated renewal costs; and some leases decreased in cost because original projections were too high.

New/Replacement Leases

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

State Land Board: New Leased Space in Eaton

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

Water Resources: New Leased Space in Glenwood Springs

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

Colorado Geologic Survey: New Leased Space in Silverton

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

expired, the CAIC leased the office space for FY 2010-11 and the foreseeable future, and is reimbursed by CDOT for the cost of that lease as part of the interagency agreement. While this appears to be a new lease, CAIC staff effectively occupy the same building they have been in for several years, and CGS is reimbursed for leases costs by CDOT.

Colorado State Parks: Storage Space

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

Individual costs for these "new" leases relative to the previous leased space situation are summarized in the chart below:

	GF	CF	Total
<u>Land Board</u>			
Previous lease cost	0	14,760	14,760
New lease cost FY 11-12	0	8,280	8,280
Adjustment:	0	(6,480)	(6,480)
<u>DWR</u>			
Previous lease	69,000	0	69,000
New lease cost FY 11-12	69,000	7,839	76,839
Adjustment:	0	7,839	7,839
<u>CGS</u>			
Previous lease	0	2,400	2,400
New lease cost FY 11-12	0	3,708	3,708
Adjustment:	0	1,308	1,308
<u>Parks</u>			
Previous lease	0	0	0
New lease cost FY 11-12	0	1,800	1,800
Adjustment:	0	1,800	1,800
Sum of adjustments:	0	4,467	4,467

Lease renewals for FY 2011-12

The Department has identified 11 leases that expire at the end of FY 2010-11. These leases provide workspace for program staff who accomplish division objectives in specific geographic areas. Respective division staff have considered the possibility of not renewing these leases upon expiration but in all instances this is not practicable.

Renewing these leases at newly calculated costs results in an overall reduction of \$1,516 from the Leased Space line item base funding level.

DNR Lease Renewals, FY 2011-12							
<u>Division</u>	<u>Location of Lease</u>	<u>Sq Ft</u>	<u>Parking Spaces</u>	<u>FY 12 Base Request</u>	<u>FY 12 Adjustment</u>	<u>FY 12 Lease Amount</u>	<u>Anticipated Escalator, FY 13</u>
DOW	Brush	5,400		17,993	866	18,859	0%
DOW	Steamboat Springs	530		6,034	(314)	5,721	3%
DOW	Glenwood Springs	3,024		60,020	(1,177)	58,843	3%
DOW	Denver		8	11,035	0	11,035	10%
DOW	Fort Collins	2520		24,750	0	24,750	10%
SLB	Alamosa	580		3,696	5,175	8,871	3%
DWR	Antonito	180		1,985	1,015	3,000	5%
DWR	Greeley	8,260		94,758	(3,924)	90,834	4%
DWR	Steamboat Springs	1,174		42,917	(942)	41,975	4%
DWR	Sterling	1,386		19,133	(2,216)	16,917	3%
DPOR	Dolores	960		12,000	0	12,000	0%
				294,322	(1,516)	292,806	

Adjustments to existing/ongoing leases

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

Out-Year Cost Increases

Escalator clauses are a standard component of many commercial leases, and the Department anticipates some increased costs to existing leases in FY 2012-13. At this time, however, the extent of these increases is not known with a high degree of accuracy.

A list of current leases and their estimated costs in FY 2012-13 is included as *Attachment A*. Projected costs are identified by total value only and are not broken down by funding type (i.e. cash funds, general fund, or federal funds). The Department would like to emphasize that these costs are estimates only, and as such it should not be inferred that these costs are embedded in this FY 2011-12 decision item. If the Department needs additional spending authority to pay these FY 2012-13 costs, any associated needs will be specifically requested and justified as part of a future change request.

Consequences if Not Funded:

Without the requested increase, the Department will be forced to reduce the amount of leased space available for programmatic operations. This could be problematic, given that some divisions (Water Resources and the State Land Board, for example) are required by statute to maintain offices in certain geographic regions of the state. Mandates like this could limit the Department's ability to make the most strategic choices for eliminating office space.

In some cases, closing Department offices would result in decreased service to the public. The closure of a given office in a remote location could result in significant increases in travel time for members of the public seeking out Department services – to purchase a hunting/fishing license or Parks pass, for example.

Other potential impacts include increased travel time and associated travel costs for division staff and financial penalties for early termination of leases.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$10,973	\$0	\$10,124	\$0	\$849	0.0
New Leases	\$4,466	\$0	\$4,466	\$0	\$0	0.0
Lease renewals for FY 2011-12	(\$1,516)	\$0	(\$1,516)	\$0	\$0	0.0
Ongoing leases in FY 2011-12	\$9,823	\$0	\$8,974	\$0	\$849	0.0
Reduction to State Parks Operations line item	(\$1,800)	\$0	(\$1,800)	\$0	\$0	0.0

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$10,973	\$0	\$10,124	\$0	\$849	0.0
New Leases	\$4,466	\$0	\$4,466	\$0	\$0	0.0
Lease renewals for FY 2011-12	(\$1,516)	\$0	(\$1,516)	\$0	\$0	0.0
Ongoing Leases in FY 2011-12	\$9,823	\$0	\$8,974	\$0	\$849	0.0
Reduction to State Parks Operations line item	(\$1,800)	\$0	(\$1,800)	\$0	\$0	0.0

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Operational Account of the Severance Tax Trust Fund	704	\$36,011,657	\$31,181,533	\$22,127,408	\$25,916,963	\$18,159,816
Trust Administration Fund (SLB)	162	\$4,133,931	\$159,064	\$101,688	\$101,688	\$101,688
Conservation and Environmental Response Fund (OGCC)	170	\$5,721,130	\$6,234,350	\$4,388,848	\$2,078,984	\$641,715
Geological Survey Cash Fund	171	\$4,115,130	\$478,805	\$478,805	\$478,805	\$478,805
Parks and Outdoor Recreation Cash Fund	172	\$34,241,102	\$2,650,870	\$2,650,870	\$2,650,870	\$2,650,870
CWCB Construction Fund	424	\$12,703,255	\$23,742,603	\$768,415	\$559,229	\$52,772
Wildlife Cash Fund	410	\$119,833,698	\$31,669,045	\$33,195,672	\$36,664,501	\$40,460,298

Assumptions for Calculations:

Leased space costs are based on existing or anticipated lease contracts. Out-year costs are based on actual or projected costs escalators, as defined by individual lease terms.

Impact on Other Government Agencies:

No impact on other government agencies is anticipated.

Cost Benefit Analysis:

N/A. These adjustments are technical in nature.

Implementation Schedule:

Task	Month/Year
Begin new or continue existing leases	July 2011

Statutory and Federal Authority:

24-75-112 (1), C.R.S. (2009)

(b) "Centralized Appropriation" means the appropriation of funds to an Executive Director of a department or a central administrative program intended for subsequent allocation and expenditure at and among a department's divisions, programs, agencies, or Long Bill groups in order to reflect the amount of such resources actually used in each program or division. Such centralized appropriations may include... Leased Space...

(g) "Leased Space" means the use and acquisition of office facilities and office and parking space pursuant to a rental agreement.

37-60-119, C.R.S. (2009)

(2) ... Any such contracts may provide for such charges to the using entity as, in the opinion of the board, are necessary and reasonable to recover the board's... operational... charges...

Performance Measures:

This administrative request represents a continuation of current services and affects the ability of the Department to fulfill its mission. Maintaining these offices will help the divisions' efforts related to a number of the Department of Natural Resources Strategic Plan performance measures. However, the impact on any given performance measure is not quantifiable.

Attachment A:
Estimated Lease Costs FY 2012-13

Agency \ Program	Location \ Leasor	Square Footage or Parkings Spaces	FY11 Approp	FY11 Need	FY12 Need	FY13 Need
PBA	DOW	122 E Edison, Brush, 80723	5,400	17,469	18,859	18,859
PBA	DOW	1315 Dream Island Plaza, Steamboat Springs 80487	530	5,859	5,554	5,721
PBA	DOW	50633 US Highway 6&24, Glenwood Springs	3,024	57,712	57,130	58,843
PBA	DOW	5070 E County Road 3 S. Monte Vista	528	4,680	0	0
PBA	DOW	1221 Sherman, Denver	8	10,032	10,032	11,035
PBA	DOW	Ft. Collins Modular Office	2520	22,500	22,500	24,750
PBA	DOW	50 West Center 7405 West Highway 50, Salida	2,071	23,220	27,876	28,991
PBA	DOW	4255 Sinton Road, Colorado Spring 80907	400	0	0	0
PBA	DOW	Hans Peak/Bear Ear Ranger District, Steamboat Springs	20,953	28,904	28,904	30,350
PCA	SLB	4718 North Elizabeth Street, Pueblo, CO 81108	560	8,017	8,375	8,626
PCA	SLB	301 Murphy Drive, Unit B, Alamosa, CO 81101	580	8,871	8,871	8,871
PCA	SLB	555 Breeze Street, Craig, CO 81625	503	8,933	8,933	9,335
PCA	SLB	350 Oak Avenue, Suite 110, Eaton, CO 80615	600	0	8,064	8,280
PCA	SLB	5312 West 9th Street Drive, Greeley, CO 80634	1,000	13,927	0	0
PCA	SLB	301 Poplar Street, Sterling, CO 80751	423	0	4,663	4,663
PDA	CWCB	1580 Logan #'s 750, 600, and 430	4,704	0	0	0
PDA	CWCB	1580 Logan #'s 200, 430, 600, 750	12,410	128,820	128,820	140,816
PEA	DWR	Alamosa	4,352	68,626	69,348	70,211
PEA	DWR	Antonito	180	1,890	1,890	3,000
PEA	DWR	Cedaredge	1,096	7,773	8,022	8,533
PEA	DWR	Colorado Springs	400	4,504	4,504	4,636
PEA	DWR	Cortez	1,500	8,813	8,813	9,024
PEA	DWR	Craig	485	4,642	4,539	4,697
PEA	DWR	Durango	3,897	69,913	71,326	73,715
PEA	DWR	Glenwood Springs	3,418	66,000	17,557	0
PEA	DWR	Glenwood Springs	4,200	0	52,441	76,839
PEA	DWR	Grand Junction	757	9,580	9,814	10,352
PEA	DWR	Greeley	8,260	90,245	85,491	90,834
PEA	DWR	La Junta	974	15,816	16,637	17,169
PEA	DWR	Monte Vista	387	3,780	3,840	3,840
PEA	DWR	Montrose	2,035	37,707	38,278	39,952
PEA	DWR	Pagosa Springs	385	4,809	5,020	5,201
PEA	DWR	Pueblo	6,405	78,461	78,979	81,815
PEA	DWR	Saguache	238	2,341	2,286	2,379
PEA	DWR	Silverthorne	114	2,429	2,429	2,577

Attachment A:
Estimated Lease Costs FY 2012-13

Agency \ Program	Location \ Leasor	Square Footage or Parkings Spaces	FY11 Approp	FY11 Need	FY12 Need	FY13 Need		
PEA	DWR	Steamboat Springs	1,174	40,873	40,424	41,975	43,546	
PEA	DWR	Sterling	1,386	18,413	14,639	16,917	17,444	
PHA	OGCC	Community Bank Building Rifle, CO 81650	1,638	27,805	29,834	31,192	32,619	
PHA	OGCC	The Chancery 1120 Lincoln St., Suites	16,965	281,443	282,402	290,191	299,759	
PHA	OGCC	The Chancery 1120 Lincoln St., Storage	100	7,200	7,200	7,200	7,200	
PHA	OGCC	Chancery Parking		3,000	6,000	6,000	6,000	
PIA	CGS	1265 Sherman St, Denver, CO	360	1,800	0	0	0	
PIA	CGS	1265 Sherman St, Denver, CO	621	3,117	4,905	4,905	4,905	
PIA	CGS	State Garage Parking		9,240	9,240	0	0	
PIA	CGS	1428 Greene St Silverton, CO	490	0	3,600	3,708	3,816	
PIA	CGS	Marble Bank, Marble, CO	195	2,400	0	0	0	
PIA	CGS	Public Storage	300	0	0	0	0	
PJA	Parks	Chancery Bldg, 1120 Lincoln St, Ste 902, Denver, CO 80203	1,632	0	0	0	0	
PJA	Parks	Lone Mesa Park Office, 1321 Railroad Ave., Delores, CO	960	9,600	9,600	12,000	12,000	
PJA	Parks	3745 East Prospect Rd., Fort Collins, CO 80524	1,784	22,000	22,000	22,000	22,000	
PJA	Parks	4255 Sinton Rd., Colorado Springs, CO 80907	1,000	0	0	0	0	
PJA	Parks	1127 Sherman St	360	0	0	1,800	1,800	
PJA	Parks	Centennial Bldg Parking		5,000	5,000	0	0	
PKA	DRMS	259 Colorado, Grand Junction		2,160	2,160	2,160	2,160	
PKA	DRMS	101 South 3rd, Suite 360, Grand Junction	1,506	21,231	21,231	21,611	22,063	
PKA	DRMS	691 County Road 233, Unit A-2, Durango	960	18,269	18,269	18,982	19,685	
PKA	DRMS	14th and Lincoln Street		21,660	21,660	21,660	21,660	
				Subs:	1,311,482	1,317,960	1,366,140	1,418,878

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: River Outfitters Refinance

Department: Natural Resources

Priority Number: DI-7 of 7

Dept. Approval by: *Will H. Levine*

Date: 10/14/2010

OSP Approval: *Julia Ramsey*

Date: 10.14.10

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	28,151,426	24,533,277	0	24,533,277	24,856,460	0	24,856,460	0	24,856,460	0
	FTE	246.7	255.7	0.0	255.7	255.7	0.0	255.7	0.0	255.7	0.0
	GF	2,373,023	1,643,963	0	1,643,963	1,693,665	0	1,693,665	0	1,693,665	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	25,372,983	22,443,925	0	22,443,925	22,717,406	0	22,717,406	0	22,717,406	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	405,420	445,389	0	445,389	445,389	0	445,389	0	445,389	0
(6) Parks and Outdoor Recreation, (A) State Park Operations	Total	28,078,577	24,458,811	0	24,458,811	24,781,994	(68,500)	24,713,494	0	24,713,494	(68,500)
	FTE	246.7	255.7	0.0	255.7	255.7	(0.5)	255.2	0.0	255.2	(0.5)
	GF	2,373,023	1,643,963	0	1,643,963	1,693,665	0	1,693,665	0	1,693,665	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	25,300,134	22,369,459	0	22,369,459	22,642,940	(68,500)	22,574,440	0	22,574,440	(68,500)
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	405,420	445,389	0	445,389	445,389	0	445,389	0	445,389	0
(6) Parks and Outdoor Recreation, (C) Special Purpose, River Outfitters Regulation	Total	72,849	74,466	0	74,466	74,466	68,500	142,966	0	142,966	68,500
	FTE	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5	0.5
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	72,849	74,466	0	74,466	74,466	68,500	142,966	0	142,966	68,500
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None

Letternote Revised Text for FY 2010-11: None

Letternote Text Requested for FY 2011-12: (A) State Park Operations, letternote "a" language will be changed to decrease the amount from the Parks and Outdoor Recreation Cash Fund by \$68,500.
(C) Special Purpose - River Outfitters Regulation, letternote "b" language will be changed to increase the amount from the River Outfitters Cash Fund from \$74,466 to \$84,466 and to include the amount of \$58,500 from the Parks and Outdoor Recreation Cash Fund.

Cash or Federal Fund Name and COFRS Fund Number: CF: Parks Cash Fund 172 and River Outfitters Fund 175

Reappropriated Funds Source, by Department and Line Item Name: N/A

Approval by OIT? Yes: No: N/A:

Schedule 13s from Affected Departments: N/A

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources – Division of Parks and Outdoor Recreation
Priority Number:	DI-7 of 7
Change Request Title:	River Outfitters Refinance

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This is a net-zero Decision Item request to reflect the full costs of the River Outfitter Program in a more transparent manner. This would be achieved by: (1) decreasing the appropriation to the State Parks Operations line by \$68,500 CF from the Parks Cash Fund; (2) increasing the appropriation to the River Outfitters Regulation line item by \$10,000 CF to be funded from the River Outfitters Fund, and; (3) increasing the appropriation to the River Outfitters Regulation line item by \$58,500 CF from the Parks and Outdoor Recreation Cash Fund. In addition to improving transparency, this decision item will ensure that the costs of running the River Outfitters Program are funded to the greatest extent possible from the River Outfitters Fund, which derives its revenues from river outfitters license fees.

General Description of Request:

This is a FY 2011-12 Decision Item Request to refinance the spending authority for the direct costs of running the River Outfitters Program in the amount of \$68,500. This would be accomplished through a change in the (C) Special Purpose – River Outfitters Regulation Long Bill Line Item by increasing the spending authority for the River

Outfitters Program by \$10,000 from the River Outfitters Fund, and by funding \$58,500 with the Parks Cash Fund with a corresponding \$68,500 decrease in the Parks Cash Fund spending authority for the State Parks Operations Long Bill Line Item. This request is 100% Cash Funded and will enable the Division to have the spending authority needed to pay for the existing direct costs of the River Outfitters Program from the adequate spending authority in the River Outfitters Special Purpose line rather than out of the State Park Operations Long Bill Line Item's spending authority. The refinance will have no impact to the General Fund, and it will have a net zero impact to the Division's overall operational budget.

The requested amount of refinance is \$68,500, and it is a conservative number based on the review of the actual direct costs to carry out the River Outfitters Program. The current spending authority of \$74,466 in the River Outfitters Regulation Line Item covers only operating and most but not all temporary employee costs. In order to include the total costs of this program in the River Outfitters Special Purpose Long Bill Line Item, the spending authority needs to be increased by \$68,500. This amount is our estimate of the 0.5 FTE assigned to the River Outfitters Program, the variable mileage and maintenance costs for the two vehicles, and one temporary employee cost.

Currently, the entire personal service cost of the River Outfitter Program manager is paid from the Parks Cash Fund, however, at least one half of the manager's time is spent on the River Outfitter Program. The River Outfitter Program manager performs a variety of duties to ensure that the River Outfitter Program is administered in accordance with applicable rules, monitors safety and training aspects of the Program, and acts as point of contact for all matters related to the Program. Additionally, the River Outfitter Program usually hires three temporary employees during busy season from May through October. Only two of the three temporary employees' costs are currently charged to the Program, the third temporary employees' cost is absorbed by Parks Cash Fund. The requested spending authority refinance will enable to reflect all of these costs in the River Outfitter Program.

Due to the General Fund budget reductions, the Division is seeking to curtail subsidy of special programs from Parks Cash Fund. Therefore, the Division is requesting to fund \$10,000 of the requested \$68,500 refinance from the River Outfitters Fund Excess Uncommitted Fee Reserve Balance of \$41,132 thus amortizing this excess reserve over the four year period. The Excess Uncommitted Fee Reserve Balance is annually determined by the State Controller's Office and reported on Schedule 9A "Cash Funds Reports" of the FY 2010-11 Budget Request. Additionally, in the next five years the Division might be evaluating its current River Outfitter's licensing fees for potential increase because the current fees have been in effect for over a decade. This will ensure the long-term sustainability of the requested refinance.

The remaining \$58,500 of the requested \$68,500 refinance will be accomplished through a net zero transfer of the existing spending authority from the Parks Cash Fund in the State Park Operations Line Item to the Special Purpose – River Outfitters Regulation Line Item.

This request has a net-zero impact on the State Parks overall operational budget. The purpose of the request is to enable State Parks to "true up" the spending authority for the River Outfitters Regulation Line Item to more closely reflect the actual direct costs of this Program.

Consequences if Not Funded:

If this request is not funded, the Division will have to continue subsidizing the direct costs of the River Outfitters Program out of the Parks' Cash Fund in the amount of \$68,500. However, due to the General Fund budget reductions, continuing to subsidize the River Outfitters Program would present a significant burden to the State Parks Cash Fund. Therefore, the division is requesting to fund \$10,000 of the requested \$68,500 refinance from the River Outfitters Fund. Although the Division's analysis would suggest refinancing more than the requested \$10,000 from the River Outfitters Fund, the requested amount was chosen because it represents a sustainable level of refinancing over the long term. Additionally, in the next five years the Division might be evaluating its current River Outfitter's licensing fees for potential increase because the current fees

have been in effect for over a decade. This will ensure the long-term sustainability of the requested refinance.

Not refinancing the direct costs related to the River Outfitters Program will negatively impact the amount of funding available for providing a current level of customer service at Colorado state parks. Additionally, the current spending authority in the Special Purpose – River Outfitters Regulation Line Item does not reflect the actual direct costs of running the Program.

This request has a net-zero impact on the State Parks overall operational budget. The requested refinance will provide the spending authority needed so that the River Outfitters Program pays for its share of the direct costs to the extent possible.

In general, funding for this request is essential for the Department to meet critical goals, such as providing outdoor recreation in Colorado. Outdoor recreation is an important and sizable portion of Colorado’s tourism economy.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request – (6) Parks and Outdoor Recreation	\$0	\$0	\$0	\$0	\$0	0.0
River Outfitters Cash Fund – annotation “b” to the (C) Special Purpose – River Outfitters Regulation Long Bill Line Item	\$10,000	\$0	\$10,000	\$0	\$0	0.0

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: Department of Natural Resources – Division of Parks and Outdoor Recreation

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Parks and Outdoor Recreation Cash Fund – annotation “b” to the (C) Special Purpose – River Outfitters Regulation Long Bill Line Item	\$58,500	\$0	\$58,500	\$0	\$0	0.5
Parks and Outdoor Recreation Cash Fund – annotation “a” to the (A) State Park Operations Long Bill Line Item	(\$68,500)	\$0	(\$68,500)	\$0	\$0	(0.5)

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request – (6) Parks and Outdoor Recreation	\$0	\$0	\$0	\$0	\$0	0.0
River Outfitters Cash Fund – annotation “b” to the (C) Special Purpose – River Outfitters Regulation Long Bill Line Item	\$10,000	\$0	\$10,000	\$0	\$0	0.0
Parks and Outdoor Recreation Cash Fund – annotation “b” to the (C) Special Purpose – River Outfitters Regulation Long Bill Line Item	\$58,500	\$0	\$58,500	\$0	\$0	0.5
Parks and Outdoor Recreation Cash Fund – annotation “a” to the (A) State Park Operations Long Bill Line Item	(\$68,500)	\$0	(\$68,500)	\$0	\$0	(0.5)

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures*	FY 2009-10 End of Year Cash Balance*	FY 2010-11 End of Year Cash Balance Estimate*	FY 2011-12 End of Year Cash Balance Estimate*	FY 2012-13 End of Year Cash Balance Estimate*
Parks and Outdoors Recreation Cash Fund	172	\$34,241,102	\$2,650,870	\$2,650,870	\$2,650,870	\$2,650,870
River Outfitters Fund	175	\$72,849	\$71,369	\$68,903	\$56,437	\$43,971

*All amounts are in millions. Cash balances reported represent fund balance amounts projected at year-end.

Assumptions for Calculations:

This request is technical in nature. The Division has reviewed the total actual costs to carry out the River Outfitters Program during the last three fiscal years (FY 2006-07 through FY 2008-09).

The existing spending authority of \$74,466 is only sufficient to pay for the ongoing operating costs and the costs of hiring two out of three temporary employees. There are three significant direct cost components of the River Outfitters Program that are currently paid using the State Park Operations spending authority rather than River Outfitters Regulation spending authority. The three costs are 0.5 FTE permanently assigned to the River Outfitters Program, variable mileage and maintenance costs for the two vehicles used by the Program, and the cost of one temporary employee attributable to the River Outfitters Program but currently paid out of State Park Operations.

- 1) Annual 0.5 FTE cost to operate the River Outfitters Program:
 \$3,208 0.5 FTE actual cost per month
x 12 months
Approximately \$38,500

2) Variable mileage costs (covering fuel and maintenance costs) for the two vehicles used by the River Outfitters Program:

\$1,384 variable mileage costs for two vehicles (3-year actual costs average)
x 12 months

Approximately \$16,608

3) Temporary employee cost to operate the River Outfitters Program:

\$2,232 temporary employee cost per month
x 6 months

Approximately \$13,392

Total approximately \$68,500 per year.

Impact on Other Government Agencies:

This request will not have an impact on other government agencies.

Cost Benefit Analysis:

Because this Decision Item request is technical in nature and has no net cost, the Division has not done a cost benefit analysis. This action will create no new costs to the State, and the associated programs will continue to provide the same benefit that they currently do.

Implementation Schedule:

Task	Month/Year
Achieve equitable refinance of State Park Operations	July 1, 2011 – June 30, 2012

Statutory and Federal Authority:

Section 33-32-111, C.R. S. (1994) Fees – River Outfitters Cash Fund.

All fees collected under this article shall be transmitted to the state treasurer who shall credit the same to the river outfitters cash fund, which fund is hereby created. The

general assembly shall make annual appropriations from such fund for the direct and indirect costs of administration of this article.

Performance Measures:

The following performance measures, in the Division's Strategic Plan, are supported by this request: park acres, park stewardship, and customer satisfaction. In the absence or delay of adequate funding for State Park Operations, the Division's ability to meet its benchmark performance will be compromised.

Since this Decision Item is technical in nature and has a net zero impact to the Division, it will not have an impact on any of the strategic plan performance measures. The result will be increased transparency for the direct costs of the River Outfitters Program and a more fair funding of the Division's special program's costs.

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12		Base Reduction Item FY 2011-12			Supplemental FY 2010-11			Budget Amendment FY 2011-12			
Request Title: Eliminate General Fund Support of State Parks											
Department: Natural Resources					Dept. Approval by: <i>Will H. Lewis</i>			Date: 10/13/2010			
Priority Number: BRI-1 of 4					OSPB Approval: <i>JM 11/2</i>			Date: 10-18-10			
	Fund	1 Prior-Year Actual FY 2009-10	2 Appropriation FY 2010-11	3 Supplemental Request FY 2010-11	4 Total Revised Request FY 2010-11	5 Base Request FY 2011-12	6 Decision/ Base Reduction FY 2011-12	7 November 1 Request FY 2011-12	8 Budget Amendment FY 2011-12	9 Total Revised Request FY 2011-12	10 Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	100,156,311	122,520,081	0	122,520,081	126,222,406	(1,569,144)	124,653,262	0	124,653,262	(1,569,144)
	FTE	567.8	807.1	0.0	807.1	807.1	0.0	807.1	0.0	807.1	0.0
	GF	3,175,116	7,588,947	0	7,588,947	7,883,177	(2,688,388)	5,194,789	0	5,194,789	(2,688,388)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	81,280,872	99,838,755	0	99,838,755	102,043,119	1,119,244	103,162,363	0	103,162,363	1,119,244
	CFE/RF	280,936	2,671,738	0	2,671,738	3,124,752	0	3,124,752	0	3,124,752	0
	FF	15,419,387	12,420,641	0	12,420,641	13,171,358	0	13,171,358	0	13,171,358	0
(6) Parks and Outdoor Recreation, (A) State Park Operations	Total	23,983,275	24,458,811	0	24,458,811	24,781,994	0	24,781,994	0	24,781,994	0
	FTE	0.0	255.7	0.0	255.7	255.7	0.0	255.7	0.0	255.7	0.0
	GF	1,704,815	1,643,963	0	1,643,963	1,693,665	(1,693,665)	0	0	0	(1,693,665)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	21,833,071	22,369,459	0	22,369,459	22,642,940	1,693,665	24,336,605	0	24,336,605	1,693,665
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	445,389	445,389	0	445,389	445,389	0	445,389	0	445,389	0
(9) Division of Wildlife, (A) Division Operations, Wildlife Management	Total	68,732,694	65,832,921	0	65,832,921	66,681,966	(1,569,144)	65,112,822	0	65,112,822	(1,569,144)
	FTE	567.8	551.4	0.0	551.4	551.4	0.0	551.4	0.0	551.4	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	53,965,589	55,680,686	0	55,680,686	56,416,539	(1,569,144)	54,847,395	0	54,847,395	(1,569,144)
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	14,767,105	10,152,235	0	10,152,235	10,265,427	0	10,265,427	0	10,265,427	0
(1) Executive Director's Office, Health, Life, Dental	Total	9,030,537	8,607,587	0	8,607,587	9,021,331	0	9,021,331	0	9,021,331	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,833,678	1,799,806	0	1,799,806	1,872,920	(284,659)	1,588,261	0	1,588,261	(284,659)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	6,125,183	5,554,144	0	5,554,144	5,465,011	284,659	5,749,670	0	5,749,670	284,659
	CFE/RF	325,693	246,475	0	246,475	317,022	0	317,022	0	317,022	0
	FF	745,983	1,007,162	0	1,007,162	1,366,378	0	1,366,378	0	1,366,378	0

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12		Base Reduction Item FY 2011-12			Supplemental FY 2010-11			Budget Amendment FY 2011-12			
Request Title: Eliminate General Fund Support of State Parks											
Department: Natural Resources					Dept. Approval by: <i>Willi H. Savin</i>			Date: 10/13/2010			
Priority Number: BRI-1 of 4					OSPB Approval:			Date:			
	Fund	1 Prior-Year Actual FY 2009-10	2 Appropriation FY 2010-11	3 Supplemental Request FY 2010-11	4 Total Revised Request FY 2010-11	5 Base Request FY 2011-12	6 Decision/ Base Reduction FY 2011-12	7 November 1 Request FY 2011-12	8 Budget Amendment FY 2011-12	9 Total Revised Request FY 2011-12	10 Change from Base (Column 5) FY 2012-13
(1) Executive Director's Office, Short-term Disability	Total	123,206	131,014	0	131,014	156,469	0	156,469	0	156,469	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	23,577	25,925	0	25,925	31,960	(4,756)	27,204	0	27,204	(4,756)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	84,920	89,956	0	89,956	99,956	4,756	104,712	0	104,712	4,756
	CFE/RF	5,163	3,915	0	3,915	5,260	0	5,260	0	5,260	0
FF	9,546	11,218	0	11,218	19,293	0	19,293	0	19,293	0	
(1) Executive Director's Office, S.B. 04-257 Amortization Equalization Disbursement	Total	1,742,057	2,023,033	0	2,023,033	2,475,233	0	2,475,233	0	2,475,233	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	360,735	395,845	0	395,845	505,587	(75,234)	430,353	0	430,353	(75,234)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	1,144,167	1,392,875	0	1,392,875	1,581,229	75,234	1,656,463	0	1,656,463	75,234
	CFE/RF	86,784	60,612	0	60,612	83,210	0	83,210	0	83,210	0
FF	150,371	173,701	0	173,701	305,207	0	305,207	0	305,207	0	
(1) Executive Director's Office, S.B. 06-235 Supplemental Amortization Equalization Disbursement	Total	1,084,599	1,472,224	0	1,472,224	1,989,027	0	1,989,027	0	1,989,027	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	221,444	285,733	0	285,733	406,276	(60,456)	345,820	0	345,820	(60,456)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	715,105	1,015,638	0	1,015,638	1,270,630	60,456	1,331,086	0	1,331,086	60,456
	CFE/RF	54,240	44,196	0	44,196	66,865	0	66,865	0	66,865	0
FF	93,810	126,657	0	126,657	245,256	0	245,256	0	245,256	0	
(1) Executive Director's Office, Shift Differential	Total	9,801	24,774	0	24,774	23,643	0	23,643	0	23,643	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	2,297	4,650	0	4,650	4,469	(4,469)	0	0	0	(4,469)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	7,504	20,124	0	20,124	19,174	4,469	23,643	0	23,643	4,469
	CFE/RF	0	0	0	0	0	0	0	0	0	0
FF	0	0	0	0	0	0	0	0	0	0	
(1) Executive Director's Office, Workers' Compensation	Total	1,697,132	1,722,323	0	1,722,323	1,703,402	0	1,703,402	0	1,703,402	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	224,577	301,919	0	301,919	309,468	(67,567)	241,901	0	241,901	(67,567)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	1,441,878	1,367,147	0	1,367,147	1,327,196	67,567	1,394,763	0	1,394,763	67,567
	CFE/RF	25,284	24,913	0	24,913	29,513	0	29,513	0	29,513	0
FF	5,393	28,344	0	28,344	37,225	0	37,225	0	37,225	0	

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Eliminate General Fund Support of State Parks
 Department: Natural Resources Dept. Approval by: *Willi H. Fair* Date: 10/13/2010
 Priority Number: BRI-1 of 4 OSPB Approval: Date:

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
(1) Executive Director's Office, Legal Services for 45,410 hours	Total	3,383,808	3,331,732	0	3,331,732	3,331,732	0	3,331,732	0	3,331,732	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	826,302	810,804	0	810,804	810,804	(4,109)	806,695	0	806,695	(4,109)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	2,467,755	2,433,572	0	2,433,572	2,433,572	4,109	2,437,681	0	2,437,681	4,109
	CFE/RF	39,348	38,299	0	38,299	38,299	0	38,299	0	38,299	0
FF	50,403	49,057	0	49,057	49,057	0	49,057	0	49,057	0	
(1) Executive Director's Office, Purchase of Services from Computer Center	Total	647,003	5,057,315	0	5,057,315	5,357,942	0	5,357,942	0	5,357,942	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	6,483	674,985	0	674,985	495,848	(60,229)	435,619	0	435,619	(60,229)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	480,805	3,067,287	0	3,067,287	3,235,139	60,229	3,295,368	0	3,295,368	60,229
	CFE/RF	159,715	1,219,091	0	1,219,091	1,522,729	0	1,522,729	0	1,522,729	0
FF	0	95,952	0	95,952	104,226	0	104,226	0	104,226	0	
(1) Executive Director's Office, Multiuse Network Payments	Total	1,058,888	2,162,902	0	2,162,902	2,165,545	0	2,165,545	0	2,165,545	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	211,928	238,620	0	238,620	238,715	(103,792)	134,923	0	134,923	(103,792)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	782,309	1,280,296	0	1,280,296	1,281,333	103,792	1,385,125	0	1,385,125	103,792
	CFE/RF	59,340	535,856	0	535,856	537,065	0	537,065	0	537,065	0
FF	5,311	108,130	0	108,130	108,432	0	108,432	0	108,432	0	
(1) Executive Director's Office, Management and Administration of OIT	Total	203,947	537,388	0	537,388	548,650	0	548,650	0	548,650	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	43,053	11,018	0	11,018	11,067	(8,435)	2,632	0	2,632	(8,435)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	147,603	286,129	0	286,129	290,645	8,435	299,080	0	299,080	8,435
	CFE/RF	8,538	234,566	0	234,566	240,707	0	240,707	0	240,707	0
FF	4,753	5,675	0	5,675	6,231	0	6,231	0	6,231	0	
(1) Executive Director's Office, Payment to Risk Management and Property Funds	Total	963,820	351,612	0	351,612	975,604	0	975,604	0	975,604	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	140,498	42,552	0	42,552	134,926	(49,814)	85,112	0	85,112	(49,814)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	796,465	298,971	0	298,971	814,690	49,814	864,504	0	864,504	49,814
	CFE/RF	20,325	6,317	0	6,317	14,853	0	14,853	0	14,853	0
FF	6,532	3,772	0	3,772	11,135	0	11,135	0	11,135	0	

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Eliminate General Fund Support of State Parks

Department: Natural Resources

Dept. Approval by: *Willi H. Lavin*

Date: 10/13/2010

Priority Number: BRI-1 of 4

OSP Approval:

Date:

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
(1) Executive Director's Office, Vehicle Lease Payments	Total	3,120,395	3,379,881	0	3,379,881	3,462,479	0	3,462,479	0	3,462,479	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	412,477	422,970	0	422,970	427,222	(126,773)	300,449	0	300,449	(126,773)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	2,650,625	2,899,615	0	2,899,615	2,977,961	126,773	3,104,734	0	3,104,734	126,773
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	57,293	57,296	0	57,296	57,296	0	57,296	0	57,296	0
(1) Executive Director's Office, Information Technology Asset Maintenance	Total	282,477	282,477	0	282,477	282,477	0	282,477	0	282,477	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	53,746	53,746	0	53,746	53,746	(22,118)	31,628	0	31,628	(22,118)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	125,957	125,957	0	125,957	125,957	22,118	148,075	0	148,075	22,118
	CFE/RF	90,538	90,538	0	90,538	90,538	0	90,538	0	90,538	0
	FF	12,236	12,236	0	12,236	12,236	0	12,236	0	12,236	0
(1) Executive Director's Office, Leased Space	Total	1,218,143	1,311,484	0	1,311,484	1,353,367	0	1,353,367	0	1,353,367	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	506,899	524,396	0	524,396	544,280	(7,566)	536,714	0	536,714	(7,566)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	685,302	760,714	0	760,714	782,155	7,566	789,721	0	789,721	7,566
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	25,942	26,374	0	26,374	26,932	0	26,932	0	26,932	0
(1) Executive Director's Office, Capitol Complex Leased Space	Total	867,269	851,397	0	851,397	911,218	0	911,218	0	911,218	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	239,474	241,965	0	241,965	258,966	(31,488)	227,478	0	227,478	(31,488)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	352,832	325,029	0	325,029	361,923	31,488	393,411	0	393,411	31,488
	CFE/RF	170,073	166,960	0	166,960	178,691	0	178,691	0	178,691	0
	FF	104,890	117,443	0	117,443	111,638	0	111,638	0	111,638	0

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Eliminate General Fund Support of State Parks
 Department: Natural Resources Dept. Approval by: *Willi H. L.* Date: *10/13/2010*
 Priority Number: BRI-1 of 4 OSPB Approval: Date:

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
(1) Executive Director's Office, Communications Services Payments	Total	988,238	981,206	0	981,206	1,000,327	0	1,000,327	0	1,000,327	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	117,207	110,050	0	110,050	83,258	(83,258)	0	0	0	(83,258)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	871,031	871,156	0	871,156	917,069	83,258	1,000,327	0	1,000,327	83,258
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: N/A
 Letternote Text Requested for FY 2011-12:
 (6) Division of Parks and Outdoor Recreation (A) State Park Operations, letternote "a" language will be changed to increase the amount from the Parks and Outdoor Recreation Cash Fund by \$368,665 and to increase the amount from the Operational Account of the Severance Tax Trust Fund by \$1,325,000.
 (9) Division of Wildlife (A) Division Operations, letternote "a" language will show the elimination of all funding from the Operational Account of the Severance Tax Trust Fund (\$1,569,144 in FY 2010-11).
 (9) Division of Wildlife (B) Special Purpose. No letternotes in this section will contain funding from the Operational Account of the Severance Tax Trust Fund in FY 2011-12. (\$51,212 was reflected in FY 2010-11). As such, the entire \$2,920,308 CF requested in the DOW's Indirect Cost Assessment line item will come from the Wildlife Cash Fund.

Cash or Federal Fund Name and COFRS Fund Number: CF: Parks Cash Fund 172
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments: N/A

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources / Division of Parks and Outdoor Recreation
Priority Number:	Budget Reduction #1 of 4
Change Request Title:	Eliminate General Fund Support of State Parks

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is to achieve a complete elimination of General Fund in the Division of Parks and Outdoor Recreation for FY 2011-12 and continuing indefinitely into the future. Absent this budget reduction item, State Parks would receive a base budget estimated at \$2,688,388 in FY 2011-12. This amount is comprised of \$1,693,665 GF in the main Parks Operating line item plus \$994,723 GF allocated to Parks through various POTs lines in the Executive Directors Office.

To offset the elimination of General Fund Support, the Department is requesting an increased appropriation of \$1,325,000 cash funds from Tier 1 of the Operational Account of the Severance Tax Trust Fund. This requested increase will be offset by a reduction of \$1,569,144 in Tier 1 funding provided to the Division of Wildlife. Additionally, the Parks Board has approved moving forward with several fee increases, which will generate an additional \$1,363,388 in cash revenues. As such, the Department would request an increased appropriation of \$1,363,388 in cash funds spending authority from the Parks and Outdoor Recreation Cash Fund.

General Description of Request:

The Division of Parks and Outdoor Recreation operates 42 state parks across all parts of Colorado. In total, State Parks provides public access to outdoor recreation of 225,260 of land. State Parks in Colorado attract over 12 million visitors each year, offering some of the highest quality outdoor recreation experiences in the State. In this regard, State Parks are an important part of Colorado's tourism economy. A 2009 Market Assessment Study by Corona Insights found that visitation to state parks generates \$571 million in economic benefits to the local economies where state parks are located. 70% of these economic benefits, or \$396 million annually, are counted solely from people driving 50 miles or more to visit a state park.

Given these economic and recreational benefits, the Department's proposal will eliminate the Division of Parks' General Fund appropriation while allowing Colorado's State Parks system to remain almost fully intact in the short run. Keeping the park system open will require users to pay slightly higher fees. Additionally, increased support from the Operational Account of the Severance Tax Trust Fund will be needed to help keep the park system open.

Over the longer term, the Department is undertaking a number of studies and initiatives which will guide a strategic reexamination of the park system that will no longer receive General Fund support. These analytical efforts include: (1) a Financial Plan which will look at the long-term sustainability of operating a 42 park system; (2) an Asset Inventory, which will analyze the long term capital costs of maintaining each and every state park in Colorado; (3) an analysis of the closure liability which would be involved in closing a state park or placing it in caretaker status (including whether or not the State would have to repay the federal government or the Great Outdoors Colorado Board for their share of a property's purchase), and; (4) a multi-dimensional Park Evaluation that objectively ranks the overall quality of each state park by scoring them on a variety of financial criteria, visitation, amenities, and natural resource qualities. In this regard, severance tax will provide a bridge that keeps state parks open while the Division develops a long term financial strategy and examines the agency's overall scope.

As part of this request, the Department is requesting an increase of \$1,325,000 CF in moneys provided through Tier I of the Operational Account of the Severance Tax Trust Fund. For FY 2011-12, the Department is projecting that this increase would result in State Parks receiving 7.1% of moneys available in the Operational Account of the Severance Tax Trust Fund (\$4,800,863 in total would go to State Parks under Tier 1, compared to the estimated \$67,474,237 which is available for appropriation in FY 2011-12). This is well within the 10% allowable under Section 39-29-109.3 (1)(f), C.R.S. However, because the Department is concerned with the overall sustainability of programs funded out of the Operational Account of the Severance Tax Trust Fund, the Department is also proposing to eliminate Operational Account moneys provided to the Division of Wildlife from Tier 1 of the Operational Account. These moneys were provided to the Division of Wildlife under S.B. 08-013 to examine the impacts of energy development on wildlife species and how to minimize such impacts through best management practices. These studies, once completed, will be invaluable to the management of Colorado's wildlife resources and minimizing the impact energy development on wildlife and wildlife habitat.

Most of these studies have been started and were planned to last a number of years. In this regard, completely shutting down some of these studies would result in the initial spending on the study having been wasted (only a short few years of data will be unlikely to establish any clear trends regarding energy impacts on wildlife populations). That said, the Division is examining ways to both reduce the cost of these on-going studies and to absorb continuing costs within either its base budget or (for sage grouse related studies) to fund the project within the Division of Wildlife's annual Species Conservation Trust Fund allocation. This reprioritization reflects, in part, the importance of these studies and the matching funds being put forward by some oil and gas companies to complete this work. By scaling back the projects and absorbing the remaining costs within other budgets, the Division of Wildlife's Tier 1 allocation can be completely eliminated. This will save \$1,569,144 (roughly \$244,000 more than is needed to fund the proposed increase to State Parks).

Consequences if Not Funded:

Given the State's significant General Fund budget shortfall, this proposal is designed to save the State over \$2.6 million of General Fund. If the proposal is not funded in its entirety, the State will miss the opportunity to achieve these requested savings.

If the General Fund savings are taken, but the requested severance tax refinance is not approved, there will be significant impacts to state park system. Given price sensitivity, the Department does not believe it is feasible to try to cover the whole \$2.6 million General Fund reduction through fee increases. With or without fee increases, very few of Colorado's state parks are entirely self-sufficient. Indeed, the state park system was not designed to be entirely self-sufficient, as the General Assembly used to provide as much as 32.18% of State Parks' operating funding. This allowed the Division to operate state parks in more remote parts of the State where local and tourist levels would never be high enough to support a financially self sufficient park system. Similarly, General Fund support allowed the Division to operate less developed parks without camping and water based recreation (money-making features generally required for a state park to be self-sufficient). If the General Fund is not partially backfilled with Operational Account moneys, the Department will likely have to examine full closures, partial closures (closure of certain facilities within a state park), seasonal closures, and additional reductions in service levels. As noted previously, this will threaten public access to 225,260 acres of public land. Since outdoor recreation is an important part of our identity as Coloradoans, the Department believes this impact would be deep and heartfelt. More tangibly, the estimated \$571 million in local benefits to communities housing state parks would be threatened.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	(\$1,569,144)	(\$2,688,388)	\$1,119,244	\$0	\$0	0.0
General Fund Reduction in Parks Operations Line Item	(\$1,693,665)	(\$1,693,665)	\$0	\$0	\$0	0.0
General Fund Reduction to Parks portion of various EDO POTs line items	(\$994,723)	(\$994,723)	\$0	\$0	\$0	0.0
Cash Fund Reduction to the Division of Wildlife (Severance Tax)	(\$1,569,144)	\$0	(\$1,569,144)	0	0	0.0
Cash Fund Increase to Parks (Severance Tax)	\$1,325,000	\$0	\$1,325,000	\$0	\$0	0.0
Increase in Cash Fund spending authority for Parks (fee revenue)	\$1,363,388	\$0	\$1,363,388	\$0	\$0	0.0

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	(\$1,569,144)	(\$2,688,388)	\$1,119,244	\$0	\$0	0.0
General Fund Reduction in Parks Operations Line Item	(\$1,693,665)	(\$1,693,665)	\$0	\$0	\$0	0.0
General Fund Reduction to Parks portion of various EDO POTs line items	(\$994,723)	(\$994,723)	\$0	\$0	\$0	0.0
Cash Fund Reduction to the Division of Wildlife (Severance Tax)	(\$1,569,144)	\$0	(\$1,569,144)	0	0	0.0
Cash Fund Increase to Parks (Severance Tax)	\$1,325,000	\$0	\$1,325,000	\$0	\$0	0.0
Increase in Cash Fund spending authority for Parks (fee revenue)	\$1,363,388	\$0	\$1,363,388	\$0	\$0	0.0

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Severance Tax Trust Fund – Operational Account	704	\$36,011,657	\$31,181,533	\$22,127,408	\$26,059,729	\$18,445,348
Total Reserve Requirement			\$18,925,746	\$21,017,025	\$19,951,097	\$22,034,463
Balance After Reserve			\$12,255,788	\$1,110,383	\$6,108,632	(\$3,589,115)
Adjustments to other Programs			\$0	\$0	\$0	(\$3,589,115)

Note: In the event that actual revenues in the Operational Account are not adequate to meet reserve requirements (as seen here in FY 2012-13 according to the current forecast), other programs funded from the Operational Account will be adjusted to meet reserve requirements (or, by default, Tier 2 programs will be proportionately reduced). This particular base reduction item proposes to provide State Parks with an additional \$1,325,000 in Operational Account moneys. However, to achieve this, the proposal also eliminates the Division of Wildlife’s Tier 1 funding, which saves \$1,569,144. As such, this proposal will reduce Operational Account spending by \$244,144 and bring the account \$488,288 closer to being in balance (because spending will be reduced by \$244,144 and the Tier 1 reserve requirement will be reduced by \$244,144).

The status of the Parks Cash Fund – and the fee increases which will be used to help offset the lost General Fund – will be discussed in the following section.

Assumptions for Calculations:

The Division of Parks has performed an analysis estimating the potential revenue which could be generated by various fee increases. These fee increases were carefully considered and approved by the Parks Board in September of 2010. In recommending these fee increases, the Division evaluated its current fee structure to optimize revenue generation, while attempting to minimize impacts to park users. Appendix A details the \$1,382,805 in additional revenues anticipated to be received in FY 2011-12 as a result of these fee increases. This is slightly higher than the requested \$1,363,388 in spending authority requested from the Parks Cash Fund. Because the \$1,382,805 estimate is based

on some key assumptions, including price resilience (elasticity), the budget request is based upon the more conservative number in case the revenue estimate is not fully achieved.

Impact on Other Government Agencies: If total funding for State Parks is not kept whole, revenues received by the Division of Wildlife may suffer. State Parks offers a variety of wildlife-related recreation – including fishing opportunities at a number of reservoirs around the State. If access to some of these reservoirs were restricted, it is likely that fishing license sales in particular would suffer.

Cost Benefit Analysis: Not applicable to a budget reduction where there is no “cost” (total spending by the Department will be reduced by over \$1.5 million under this proposal).

Implementation Schedule:

Task	Month/Year
Parks Board Approves Fee Increases	September 16, 2010
New Fee Increases Go Into Effect	November 1, 2010
General Fund in State Parks is Completely Phased Out	July 1, 2011

Statutory and Federal Authority: Section 39-29-109.3, C.R.S. (2010) lays out the authorized uses of moneys in the Operational Account of the Severance Tax Trust Fund.

(1)(f) For the fiscal years commencing on or after July 1, 2009, for programs within the division of parks and outdoor recreation that operate, maintain, or improve state parks in any region of the state in which production activity is occurring, up to ten percent of the moneys in the operational account.

Section 33-10-107, C.R.S. (2010) sets forth the powers of the Parks Board

(1)(h) Establish by rules pursuant to section 33-10-111 (5) the amounts of fees for certificates, permits, licenses, and passes and any other special charges in order to provide for cash revenues necessary for the continuous operation of the state park and recreation system...

Performance Measures:

<u>Performance Measure:</u>	<u>Outcome</u>	<u>FY 2008-09 Actual</u>	<u>FY 2009-10 Actual</u>	<u>FY 2010-11 Approp.</u>	<u>FY 2011-12 Request</u>
Annual visitation to State Parks	Benchmark	12,120,000	12,360,000	12,480,000	12,600,000
	Actual	11,955,691	12,295,354	Unknown	Unknown

State Parks expects that this budget reduction item will allow it to continue meeting baseline performance levels in terms of providing outdoor recreation to both Colorado citizens and out-of-state visitors. Despite this Budget Reduction Item eliminating General Fund support of State Parks, continued performance will be achieved by backfilling roughly half of the lost General Fund with additional fee revenues. The other half of the General Fund reduction will be offset by increased support of State Parks from the Operational Account of the Severance Tax Trust Fund.

Pass or Permit	Current Fee	Proposed Fee - 11/2010	\$ Increase	% Increase	Price Resilience Assumption*	Expected Revenue FY 11-12
Annual	\$ 60.00	\$ 70.00	\$ 10.00	17%	7.3%	\$ 303,180
Annual Multiple	\$ 25.00	\$ 35.00	\$ 10.00	40%	8.5%	\$ 105,375
Daily - Attended	\$ 6.00	\$ 7.00	\$ 1.00	17%	2.3%	\$ 318,820
Capacity Parks (Eldo, Chat, CCCK, Boyd)	\$ 7.00	\$ 8.00	\$ 1.00	14%	5.4%	\$ 85,200
Daily - Self Service	\$ 6.00	\$ 7.00	\$ 1.00	17%	2.2%	\$ 169,200
Capacity Parks (Eldo, Chat, CCCK, Boyd)	\$ 7.00	\$ 8.00	\$ 1.00	14%	5.5%	\$ 22,400
Aspen Leaf	\$ 30.00	\$ 35.00	\$ 5.00	17%	19.6%	\$ (31,620)
Aspen Multiple	\$ 15.00	\$ 18.00	\$ 3.00	20%	21.0%	\$ 5,600
Life time	\$ 175.00	\$ 175.00	\$ -	0%	N/A	\$ 215,000
Centennial/Columbine	\$ 12.50	\$ 14.00	\$ 1.50	12%	11.5%	\$ 3,100
Cabins						
Standard Small Cabin/Camper Cabin/Yurts	\$ 60.00	\$ 70.00	\$ 10.00	17%	12.7%	\$ 7,326
Small Premium	\$ 80.00	\$ 100.00	\$ 20.00	25%	18.0%	\$ 3,000
Large Standard Cabin	\$ 90.00	\$ 100.00	\$ 10.00	11%	5.0%	\$ 6,000
Premium Cabin, 2 BD	\$ 120.00	\$ 130.00	\$ 10.00	8%	3.0%	\$ 153
Premium Cabin, 3 BD	\$ 160.00	\$ 170.00	\$ 10.00	6%	5.0%	\$ 1,470
Premium Cabin, 4 BD	\$ 220.00	\$ 230.00	\$ 10.00	5%	5.0%	\$ 100
Mueller 2 bedroom, Pine	\$ 120.00	\$ 140.00	\$ 20.00	17%	5.0%	\$ 5,590
Mueller 3 bedroom, Spruce	\$ 180.00	\$ 200.00	\$ 20.00	11%	5.0%	\$ 3,500
Mueller 4 bedroom, Ponderosa	\$ 240.00	\$ 260.00	\$ 20.00	8%	5.0%	\$ 2,520
Harmsen	\$ 220.00	\$ 260.00	\$ 40.00	18%	5.0%	\$ 4,860
Camping						
High use season 12 parks Chatfield, Cherry Creek, Cheyenne Mt., Golden Gate, Highline, Mueller, Pearl, Rifle Falls, Ridgway, St. Vrain, Steamboat, Sylvan	\$16-\$24	\$2 increase	\$ 2.00	10%	1.7%	\$ 152,031
Totals:						\$ 1,382,805
* Price Resilience Assumption - an assumption for the sensitivity of demand for park services in reaction to changes in fee amount.						
Note: The expected revenue amount of \$1,382,805 above is marginally different from the amount of the refinance \$1,363,388 due to conservative rounding.						

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: **2% Across The Board Personal Services Reduction**
 Department: **Natural Resources** Dept. Approval by: *Willie H. Levine* Date: **9/15/2010**
 Priority Number: **BRI-2 of 4** OSPB Approval: *Jon M Z* Date: **10-20-10**

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	34,867,688	55,317,310	0	55,317,310	56,476,200	(438,351)	56,037,849	0	56,037,849	0
	FTE	299.7	549.6	0.0	549.6	43.8	0.0	43.8	0.0	43.8	0.0
	GF	21,614,502	21,237,687	0	21,237,687	21,694,098	(438,351)	21,255,747	0	21,255,747	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	6,680,473	28,635,524	0	28,635,524	28,837,268	0	28,837,268	0	28,837,268	0
	CFE/RF	5,826,730	3,991,548	0	3,991,548	4,133,067	0	4,133,067	0	4,133,067	0
	FF	745,983	1,452,551	0	1,452,551	1,811,767	0	1,811,767	0	1,811,767	0
(1) Executive Director's Office, Personal Services	Total	5,497,412	3,745,073	0	3,745,073	3,816,045	(76,321)	3,739,724	0	3,739,724	0
	FTE	54.6	43.8	0.0	43.8	43.8	0.0	43.8	0.0	43.8	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	5,497,412	3,745,073	0	3,745,073	3,816,045	(76,321)	3,739,724	0	3,739,724	0
	FF	0	0	0	0	0	0	0	0	0	0
(1) Executive Director's Office, Health, Life, and Dental	Total	9,030,537	8,607,587	0	8,607,587	9,021,331	0	9,021,331	0	9,021,331	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,833,678	1,799,806	0	1,799,806	1,872,920	(76,321)	1,796,599	0	1,796,599	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	6,125,183	5,554,144	0	5,554,144	5,465,011	0	5,465,011	0	5,465,011	0
	CFE/RF	325,693	246,475	0	246,475	317,022	76,321	393,343	0	393,343	0
	FF	745,983	1,007,162	0	1,007,162	1,366,378	0	1,366,378	0	1,366,378	0
(8) Water Resources Division, Personal Services	Total	19,605,608	17,798,948	0	17,798,948	18,133,219	(352,176)	17,781,043	0	17,781,043	0
	FTE	239.0	243.1	0.0	243.1	0.0	0.0	0.0	0.0	0.0	0.0
	GF	19,228,743	17,283,116	0	17,283,116	17,608,791	(352,176)	17,256,615	0	17,256,615	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	373,240	515,832	0	515,832	524,428	0	524,428	0	524,428	0
	CFE/RF	3,625	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: 2% Across The Board Personal Services Reduction
 Department: Natural Resources Dept. Approval by: _____ Date: _____
 Priority Number: BRI-2 of 4 OSPB Approval: _____ Date: _____

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
(8) Water Resources Division, Republican River Compact Compliance	Total	319,986	316,704	0	316,704	321,012	(6,198)	314,814	0	314,814	0
	FTE	4.2	5.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	319,986	316,704	0	316,704	321,012	(6,198)	314,814	0	314,814	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(8) Water Resources Division, Satellite Monitoring System	Total	414,145	398,987	0	398,987	402,599	(3,656)	398,943	0	398,943	0
	FTE	1.9	2.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	232,095	194,098	0	194,098	197,710	(3,656)	194,054	0	194,054	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	182,050	204,889	0	204,889	204,889	0	204,889	0	204,889	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: None
 Letternote Text Requested for FY 2011-12: None
 Cash or Federal Fund Name and COFRS Fund Number:
 Reappropriated Funds Source, by Department and Line Item Name:
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments:

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: IT Asset Maintenance Coal Adjustment
 Department: Natural Resources Dept. Approval by: *Will H. Lennie* Date: *10/8/2010*
 Priority Number: BRI-4 of 4 OSPB Approval: *Julia Ramsey* Date: *10.14.10*

	Fund	1	2	3	4	5	6	8	9	10	
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	282,477	282,477	0	282,477	282,477	(15,488)	266,989	0	266,989	(15,488)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	53,746	53,746	0	53,746	53,746	0	53,746	0	53,746	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	125,957	125,957	0	125,957	125,957	(3,252)	122,705	0	122,705	(3,252)
	CFE/RF	90,538	90,538	0	90,538	90,538	0	90,538	0	90,538	0
	FF	12,236	12,236	0	12,236	12,236	(12,236)	0	0	0	(12,236)
(1) Executive Director's Office -- Information Technology Asset Maintenance	Total	282,477	282,477	0	282,477	282,477	(15,488)	266,989	0	266,989	(15,488)
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	53,746	53,746	0	53,746	53,746	0	53,746	0	53,746	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	125,957	125,957	0	125,957	125,957	(3,252)	122,705	0	122,705	(3,252)
	CFE/RF	90,538	90,538	0	90,538	90,538	0	90,538	0	90,538	0
	FF	12,236	12,236	0	12,236	12,236	(12,236)	0	0	0	(12,236)

Non-Line Item Request: None
 Letternote Revised Text for FY 2010-11: (Letternote A amounts adjusted according to changes above.)
 Letternote Text Requested for FY 2011-12: (Letternote A amounts adjusted according to changes above.)
 Cash or Federal Fund Name and COFRS Fund Number: General Fund / COFRS Fund 100 (used for both Cash and Federal funds)
 Reappropriated Funds Source, by Department and Line Item Name:
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments:

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Natural Resources
Priority Number:	BRI-4 of 4
Change Request Title:	IT Asset Maintenance Coal Adjustment

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-12

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is for a reduction of \$15,488 in the Information Technology Asset Maintenance (IT Asset Maintenance) spending authority. This amount is funded from the Coal Regulatory Program (hereafter referred to as Coal). This amount has historically been dedicated for Coal-specific IT purchases and not spent for the purpose of this line, which is for department-wide, shared IT Maintenance systems. This request reconciles a portion of the division’s overall IT funding in accordance with the statewide consolidation of IT functions under the Office of Information Technology (hereafter referred to OIT). The cash funds portion of this request reverts back to the Operational Account of the Severance Tax Trust Fund and the federal spending authority is eliminated.

General Description of Request:

The Coal Program’s share of the department’s IT Maintenance funding originated in the early 1990’s to support a Wang brand computer system specific to three divisions within the Department. When the Wang system became obsolete, the Coal Program’s share of the cost was never adjusted to reflect Coal’s equitable share of IT Maintenance costs that support true “Department-wide/shared” data systems.

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

Consequences if Not Funded:

(1) Due to the consolidation of OIT functions, personnel changes, and relocation of OIT functions to an off-site location, Coal's full \$15,488 may become misconstrued as the ongoing share that DRMS should pay for IT Asset Maintenance when the amount has never been used to support shared IT systems; nor has that amount been determined to be an equitable share for DRMS to pay into the fund.

(2) The current practice of processing IT purchases with IT Staff will continue. With the consolidation of IT staff, this will now involve coordinating with OIT staff at an off-site office as well as coordinating with EDO Staff who must approve the actual purchase. This is a very cumbersome, inefficient process for relatively small IT purchases made by the Coal Program.

(3) An additional obligation of \$12,236 FF will remain in the budget. Because the Department is anticipating a 15% reduction in the federal Coal grant, it is increasingly important that appropriations of federal Coal grant moneys which are no longer needed are removed from the budget.

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: NATURAL RESOURCES

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds*	Reappropriated Funds	Federal Funds	FTE
Total Request	(\$15,488)	\$0	(\$3,252)	\$0	(\$12,236)	0.0
Coal Program's Allocation of Information Technology Asset Maintenance	(\$15,488)	\$0	(\$3,252)	\$0	(\$12,236)	0.0

*Cash funds source: Severance Taxes from the Operational Account of the Severance Tax Trust Fund

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds*	Reappropriated Funds	Federal Funds	FTE
Total Request	(\$15,488)	\$0	(\$3,252)	\$0	(\$12,236)	0.0
Coal Program's Allocation of Information Technology Asset Maintenance	(\$15,488)	\$0	(\$3,252)	\$0	(\$12,236)	0.0

*Cash funds source: Severance Taxes from the Operational Account of the Severance Tax Trust Fund

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
<u>Severance Tax Trust Fund – Operational Account</u>	<u>704</u> -	<u>\$36,011,657</u>	<u>\$31,181,533</u>	<u>\$22,127,408</u>	<u>\$25,491,067</u>	<u>\$17,302,558</u>

Assumptions for Calculations:

The requested reduction amount of \$15,488 is based on the fact that Coal's full IT Maintenance allocation has never been used for the purpose of supporting shared IT systems (has only been spent on Coal specific IT needs); therefore, the entire allocation should be reduced in order to reconcile funding sources to the new OIT configuration.

Impact on Other Government Agencies:

This request does not impact the department or OIT's overall IT Maintenance funding because the \$15,488 was solely spent on coal IT items.

The severance tax portion of this request (\$3,252) will revert back to the Operational Account.

Cost Benefit Analysis:

N/A.

This request is for a reduction of \$15,488.

BENEFIT = \$15,488

COST = \$0

Implementation Schedule:

N/A

Statutory and Federal Authority:

Coal Regulatory Program – Federal Funding Authority:

State Authority: Section 34-33-102, C.R.S.

It is declared to be the policy of this state that surface coal mining operations and the reclamation of land affected by such operations are both necessary and proper activities. The purpose of this article is to assure that the coal required for local and national energy needs and for economic and social well-being is provided and to provide a balance

among the protection of the environment, agricultural productivity, and the need for coal as an essential source of energy.

Federal Authority: (SMCRA) 1977 – PL 95-87

To provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

Cash Funding - Severance Tax – Authority: Section 39-29-109.3 (1) (c), C.R.S. 2010

(c) For programs within the division of reclamation, mining, and safety, up to thirty percent of the moneys in the operational account for fiscal years commencing before July 1, 2008, and up to twenty-five percent of the moneys in the operational account for fiscal years commencing on or after July 1, 2008.

Performance Measures:

This request to reduce spending authority for IT Maintenance is an administrative change that will not impact the Department's ability to maintain current shared IT systems. Those systems are integral to all facets of program operations throughout the Department, but the impact of this request on any single performance measure is not quantifiable.