

Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Natural Resources
Request Title: Annual Fleet Supplemental True-Up
Priority Number: NP-8

Dept. Approval by: Will H. Lee 12/26/2013
 Date
OSPB Approval by: Erin M. Mahoney 12/20/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items		Total				
	FTE	3,462,996	(92,106)	3,462,996	-	-
	GF	312,940	(15,739)	312,940	-	-
	GFE	-	-	-	-	-
	CF	3,092,453	(83,496)	3,092,453	-	-
	RF	3,208	3,481	3,208	-	-
	FF	54,395	3,648	54,395	-	-
(1) Executive Director's Office, (A) Administration, Vehicle Lease Payments		Total				
	FTE	3,462,996	(92,106)	3,462,996	-	-
	GF	312,940	(15,739)	312,940	-	-
	GFE	-	-	-	-	-
	CF	3,092,453	(83,496)	3,092,453	-	-
	RF	3,208	3,481	3,208	-	-
	FF	54,395	3,648	54,395	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:
Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:
 Schedule 13s from Affected Departments: Department of Personnel and Administration
 Other Information:

Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Natural Resources
 Request Title: IDS Mail Postage & Envelope Request
 Priority Number: NP-9

Dept. Approval by: William H. Levine 12/27/2013
 Date

OSPB Approval by: Ernest W. Schell 12/31/13
 Date

- | |
|---|
| <input type="checkbox"/> Decision Item FY 2014-15 |
| <input type="checkbox"/> Base Reduction Item FY 2014-15 |
| <input checked="" type="checkbox"/> Supplemental FY 2013-14 |
| <input checked="" type="checkbox"/> Budget Amendment FY 2014-15 |

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	144,213,509	20,311	146,574,253	40,621	40,621
	FTE	1,315.6	-	1,315.4	-	-
	GF	19,034,732	639	19,095,677	1,278	1,278
	GFE	-	-	-	-	-
	CF	102,420,983	19,238	104,618,955	38,478	38,478
	RF	593,957	230	605,103	457	457
	FF	22,163,837	204	22,254,518	408	408
(1) Executive Director's Office, (A) Administration, Operating Expenses	Total	1,246,467	230	1,246,467	457	457
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	1,057,006	-	1,057,006	-	-
	RF	184,124	230	184,124	457	457
	FF	5,337	-	5,337	-	-
(1) Executive Director's Office, (B) Special Programs, (1) Colorado Avalanche Information Center, Program Costs	Total	708,770	7	741,587	15	15
	FTE	8.4	-	8.4	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	280,750	7	301,637	15	15
	RF	409,833	-	420,979	-	-
	FF	18,187	-	18,971	-	-
(2) Division of Reclamation, Mining, and Safety, (A) Coal Land Reclamation, Program Expenses	Total	2,126,557	161	2,181,332	322	322
	FTE	22.0	-	22.0	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	449,087	34	467,538	68	68
	RF	-	-	-	-	-
	FF	1,677,470	127	1,713,794	254	254

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
(2) Division of Reclamation, Mining, and Safety, (B) Inactive Mines, Program Costs	Total	1,636,925	77	1,686,541	154	154
	FTE	16.6	-	16.4	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	519,247	-	519,247	-	-
	RF	-	-	-	-	-
	FF	1,117,678	77	1,167,294	154	154
(2) Division of Reclamation, Mining, and Safety, (C) Minerals, Program Costs	Total	2,257,374	301	2,178,670	603	603
	FTE	24.1	-	24.1	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	2,257,374	301	2,178,670	603	603
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(2) Division of Reclamation, Mining, and Safety, (D) Mines Program, Colorado/Federal Mine Safety Program	Total	513,045	24	524,713	48	48
	FTE	4.0	-	4.0	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	324,324	24	335,068	48	48
	RF	-	-	-	-	-
	FF	188,721	-	189,645	-	-
(3) Oil and Gas Conservation Commission, Program Costs	Total	8,517,429	264	8,333,154	529	529
	FTE	93.4	-	93.4	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	8,517,429	264	8,333,154	529	529
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(4) State Board of Land Commissioners, Program Costs	Total	4,132,918	409	4,221,892	818	818
	FTE	40.0	-	40.0	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	4,132,918	409	4,221,892	818	818
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(5) Division of Parks and Wildlife, (A) Parks and Outdoor Recreation, (1) State Park Operations	Total	27,203,781	7,517	27,931,989	15,033	15,033
	FTE	255.1	-	255.1	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	26,765,073	7,517	27,490,248	15,033	15,033
	RF	-	-	-	-	-
	FF	438,708	-	441,741	-	-
(5) Division of Parks and Wildlife, (B) Wildlife, Wildlife Management	Total	69,822,120	4,984	70,748,424	9,968	9,968
	FTE	547.9	-	547.9	-	-
	GF	500,000	-	-	-	-
	GFE	-	-	-	-	-
	CF	50,619,650	4,984	52,045,954	9,968	9,968
	RF	-	-	-	-	-
	FF	18,702,470	-	18,702,470	-	-

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
(5) Division of Parks and Wildlife, (B) Wildlife, Technical Services	Total	6,400,796	5,632	6,569,850	11,263	11,263
	FTE	59.0	-	59.0	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	6,385,530	5,632	6,554,584	11,263	11,263
	RF FF	- 15,266	- -	- 15,266	- -	- -
(6) Colorado Water Conservation Board, (A) Administration, Operating Expenses	Total	472,761	66	472,761	133	133
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	472,761	66	472,761	133	133
	RF FF	- -	- -	- -	- -	- -
(7) Division of Water Resources, Water Administration	Total	19,174,566	639	19,736,873	1,278	1,278
	FTE	245.1	-	245.1	-	-
	GF	18,534,732	639	19,095,677	1,278	1,278
	GFE	-	-	-	-	-
	CF	639,834	-	641,196	-	-
	RF FF	- -	- -	- -	- -	- -
<p>Letternote Text Revision Required? Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/> If yes, describe the Letternote Text Revision:</p> <p>Cash or Federal Fund Name and COFRS Fund Number: Federal Coal Grant; Federal Abandoned Mine Land Funds</p> <p>Reappropriated Funds Source, by Department and Line Item Name: Indirect Cost Recoveries</p> <p>Approval by OIT? Yes: <input type="checkbox"/> No: <input type="checkbox"/> Not Required: <input checked="" type="checkbox"/></p> <p>Schedule 13s from Affected Departments: Department of Personnel and Administration</p> <p>Other Information:</p>						

Schedule 10
Summary of FY 2014-15 Funding Requests

Department Name: Natural Resources
Submission Date: January 2, 2014
Number of Funding Requests: 9

Priority	Division	IT Request	Request	Requires Legislation?	FTE	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
R-1	Water Resources	No	New Personnel	No	3.7	\$280,203	\$280,203	\$0	\$0	\$0
R-2	Oil & Gas Conservation	No	Additional Legal Service for Enforcement	No	0.0	\$327,888	\$0	\$327,888	\$0	\$0
R-2A	Water Resources	No	Additional Legal Services	No	0.0	\$163,944	\$163,944	\$0	\$0	\$0
R-3	Reclamation, Mining, and Safety	No	Coal Regulatory Program Refinance	No	0.0	\$0	\$0	\$352,881	\$0	(\$352,881)
R-3A	Avalanche Information Center	No	Colorado Avalanche Information Center Stabilization	No	0.6	\$105,540	\$0	\$103,951	\$1,589	\$0
R-4	Colorado Parks & Wildlife	No	CPW Line Item Reorganizator	No	0.0	(\$160,000)	\$0	(\$160,000)	\$0	\$0
R-5	Water Resources	No	New Well Rules Vehicles and Equipment	No	0.0	\$29,503	\$29,503	\$0	\$0	\$0
R-5a	Oil and Gas Conservation Commission	No	Vehicles for Inspectors	No	0.0	\$45,745	\$0	\$45,745	\$0	\$0
R-6	Executive Director's Office	No	Adjustments to Leased Space	No	0.0	(\$120,158)	\$36,715	(\$158,743)	\$0	\$1,870
					4.3	\$672,665	\$510,365	\$511,722	\$1,589	(\$351,011)
Non Prioritized Requests										\$0
NP-1	Executive Director's Office	No	Annual Fleet Vehicle Request	No	0.0	\$457,443	(\$61,661)	\$508,008	(\$1,533)	\$12,629
NP-2	Executive Director's Office	Yes	Secure Colorado Phase II	No	0.0	\$202,848	\$28,848	\$165,102	\$4,643	\$4,255
NP-3	Executive Director's Office	Yes	Eliminate Redundant Applications	No	0.0	\$191,134	\$27,182	\$155,567	\$4,375	\$4,010
NP-4	Executive Director's Office	Yes	Capitol Complex Network Resiliency	No	0.0	\$32,654	\$7,109	\$16,664	\$5,569	\$3,312
NP-5	Executive Director's Office	Yes	IT Service Management Ecosystem	No	0.0	\$223,097	\$31,695	\$181,392	\$5,335	\$4,675
NP-6	Executive Director's Office	Yes	DTRS Technical Development	No	0.0	\$241,587	\$0	\$241,587	\$0	\$0
NP-7	Executive Director's Office	Yes	IT Technical Development	No	0.0	\$21,716	\$3,088	\$17,675	\$497	\$456
NP-9	Various	No	IDS Mail Postage & Envelope Request	No	0.0	\$40,621	\$1,278	\$38,478	\$457	\$408
					0.0	\$1,411,100	\$37,539	\$1,324,473	\$19,343	\$29,745
Grand Total January 2, 2014					4.3	\$2,083,765	\$547,904	\$1,836,195	\$20,932	(\$321,266)

Department of Natural Resources
Schedule 11: FY 2013-14 Supplemental Request
FY 2014-15 Budget Request

Priority	Number	Division	Request	Requires Legislation?	FTE	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Decision Items										
1	S-01	Division of Water Resources and Division of Reclamation, Mining, and Safety	Additional Legal Services	No	0.0	\$163,944	\$163,944	\$44,500	\$0	(\$44,500)
2	S-02	Executive Director's Office	Colorado Avalanche Information Center Stabilization	No	0.3	\$80,077	\$0	\$79,547	\$530	\$0
3	S-03	State Land Board	Asset Management System Replacement	No	0.0	\$0	\$0	\$0	\$0	\$0
4	S-04	Oil and Gas Conservation Commission	Vehicles for Inspectors	No	0.0	\$15,248	\$0	\$15,248	\$0	\$0
Total - Decision Items					0.3	\$259,269	\$163,944	\$139,295	\$530	(\$44,500)
Base Reduction Items										
Total - Base Reduction Items					0.0	\$0	\$0	\$0	\$0	\$0
Non-Prioritized Items										
NA	NP-8	Executive Director's Office	Annual Fleet Supplemental True-Up	No	0.0	(\$92,106)	(\$15,739)	(\$83,496)	\$3,481	\$3,648
NA	NP-9	Various	IDS Mail Postage & Envelope Request	No	0.0	\$20,311	\$639	\$19,238	\$230	\$204
Total Non Prioritized Items					0.0	(\$71,795)	(\$15,100)	(\$64,258)	\$3,711	\$3,852
Grand Total January 2, 2014					0.3	\$187,474	\$148,844	\$75,037	\$4,241	(\$40,648)

Department of Natural Resources
Schedule 12
FY 2014-15 Budget Amendment Request

Priority	Number	Division	Request	Requires Legislation?	FTE	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Decision Items										
1	BA-1	Division of Water Resources	Additional Legal Services	No	0.0	\$163,944	\$163,944	\$0	\$0	\$0
2	BA-2	Executive Director's Office	Colorado Avalanche Information Center Stabilization	No	0.6	\$105,540	\$0	\$103,951	\$1,589	\$0
3	BA-3	Oil and Gas Conservation Commission	Vehicles for Inspectors	No	0.0	\$45,745	\$0	\$45,745	\$0	\$0
Total - Decision Items					0.6	\$315,229	\$163,944	\$149,696	\$1,589	\$0
Base Reduction Items										
Total - Base Reduction Items					0.0	\$0	\$0	\$0	\$0	\$0
Non-Prioritized Items										
NA	NP-9	Various	IDS Mail Postage & Envelope Request	No	0.0	\$40,621	\$1,278	\$38,478	\$457	\$408
Total Non Prioritized Items					0.0	\$40,621	\$1,278	\$38,478	\$457	\$408
Grand Total January 2, 2014					0.6	\$355,850	\$165,222	\$188,174	\$2,046	\$408

Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Natural Resources

Request Title: Additional Legal Services

Priority Number: S-1, BA-1

Dept. Approval by: Justin Rutter 12-31-13
 Date

OSPB Approval by: [Signature] 12/31/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	4,280,030	163,944	4,280,030	163,944	163,944
	FTE	-	-	-	-	-
	GF	1,003,109	163,944	1,003,109	163,944	163,944
	GFE	-	-	-	-	-
	CF	3,172,117	44,500	3,172,117	-	-
	RF	43,853	-	43,853	-	-
	FF	60,951	(44,500)	60,951	-	-
(1) Executive Director's Office, (A) Administration, Legal Services for 46,992 hours	Total	4,280,030	163,944	4,280,030	163,944	163,944
	FTE	-	-	-	-	-
	GF	1,003,109	163,944	1,003,109	163,944	163,944
	GFE	-	-	-	-	-
	CF	3,172,117	44,500	3,172,117	-	-
	RF	43,853	-	43,853	-	-
	FF	60,951	(44,500)	60,951	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:
 Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments: Department of Law

Other Information: The Long Bill line item name should be adjusted to reflect 48,792 hours.

Schedule 13

Funding Request for the 2014-15 Budget Cycle

Department: Law
 Request Title: Additional Legal Services: Division of Water Resources
 Priority Number: Non Priority

Dept. Approval by: Jon Pat 12/19/13
 Date

Decision Item FY 2014-15
 Base Reduction Item FY 2014-15
 X Supplemental FY 2013-14
 X Budget Amendment FY 2014-15

OSPB Approval by: _____
 Date

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	6
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	22,864,891	163,944	27,009,821	163,944	163,944
	FTE	244.5	1.0	248.0	1.0	1.0
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	848,945	-	848,945	-	-
	RF	22,015,946	163,944	26,160,876	163,944	163,944
	FF	-	-	-	-	-
(2) Legal Services to State Agencies, Personal Services	Total	21,168,224	147,550	25,242,272	147,550	147,550
	FTE	244.5	1.0	248.0	1.0	1.0
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	848,945	-	848,945	-	-
	RF	20,319,279	147,550	24,393,327	147,550	147,550
	FF	-	-	-	-	-
(2) Legal Services to State Agencies, Operating Expenses	Total	1,696,667	16,394	1,767,549	16,394	16,394
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	1,696,667	16,394	1,767,549	16,394	16,394
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: #26Q Legal Services to State Agencies Fund

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required: X

Schedule 13s from Affected Departments: DNR

Other Information:



Cost and FTE

- The Department of Natural Resources (DNR) requests \$163,944 General Fund in FY 2013-14 and ongoing for additional legal services to the Division of Water Resources (DWR). This is the equivalent of 1,800 legal hours and 1.0 attorney FTE and represents a 3.8 percent increase to DNR's base Legal Services Line Item in FY 2013-14.
- DNR also requests a one-time, net-zero fund source change decreasing \$44,500 federal fund spending authority and increasing \$44,500 cash fund spending authority for legal services to the Division of Reclamation, Mining, and Safety (DRMS) in FY 2013-14.

Current Program

- Water administration is DWR's primary program, and for that program to be effective, DWR relies heavily on the Attorney General's Office for legal support to better administer water.
- The Minerals Program within DRMS utilizes legal services to ensure regulatory compliance at mineral sites and to protect public health, safety, welfare, and the environment.

Problem or Opportunity

- Emergency flood response, increased enforcement work, efforts by water users to increase their water yield, water use associated with oil and gas activity, and the addition of new ground water areas under water administration have led to a marked increase in DWR's need for legal services. The increased legal workload associated with these factors is expected to continue into the future.
- DRMS has experienced a higher than normal workload in the Minerals Program due to extensive legal consultations related to an illegal gold processing mill and prospecting issues.

Consequences of Problem

- Assistant Attorneys General and DWR staff will be unable to meet litigation-related deadlines, resulting in longer water court cases and delays that further cost water users and taxpayers.
- DRMS would not be able to provide the necessary legal support for the Minerals program to address mining and prospecting issues arising throughout the remainder of FY 2013-14.

Proposed Solution

- DNR requests additional, ongoing funds to provide legal support for flood response and complex water administration within DWR and requests a one-time, fund source change to cover mining and prospecting activity for the Minerals Program within DRMS for FY 2013-14.



COLORADO

Department of Natural Resources

John W. Hickenlooper
Governor

Mike King
Executive Director

FY 2013-14 Supplemental Request and FY 2014-15 Budget Amendment Request | January 2, 2014

Department Priority: S-1, BA-1
Request Detail: Additional Legal Services

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund
Additional Legal Services for the Division of Water Resources	\$163,944	\$163,944
Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Additional Legal Services for the Division of Water Resources	\$163,944	\$163,944

Problem or Opportunity:

Due to an unforeseen increase in legal services caseloads from mining activity and water administration during the first half of FY 2013-14, the Department of Natural Resources (DNR) requests additional funds and a fund source change for legal services. Further, the recent flood events have exacerbated the Division of Water Resources' (DWR) current and future legal needs due to flood related legal requests.

Most of the divisions within DNR, including DWR and the Division of Reclamation, Mining, and Safety (DRMS), rely heavily on legal services purchased from the Department of Law (Attorney General's Office, AG's Office). DNR is appropriated legal services at the "blended rate," a figure that represents a blend of the actual hourly rate for attorneys and paralegals, calculated annually by the Joint Budget Committee.

Division of Water Resources Legal Needs

Emergency flood response, increased enforcement work, efforts by water users to increase their water yield, large nontributary claims, and the addition of new ground water areas under water administration have led to a marked increase in DWR's legal services needs. Enforcement actions ensure water users are diverting the proper amount of water and that water users remain in compliance with rules. Such actions include the curtailment of unlawful ponds, enforcing measurement rules, and the curtailment of over-pumping wells, among many other actions. The unprecedented workload resulting from the combination of the above factors has necessitated this request. Through November 2013, DWR has expended 55 percent of its legal services appropriation, 13 percent over the targeted percentage to stay within existing resources for FY 2013-14. For the remainder of FY 2013-14, DWR has 28 cases scheduled to head into litigation, including seven water court trials potentially lasting for multiple weeks. This does not include any additional legal work that may occur through the end of the fiscal year. Additionally, none of the current 28 cases are flood related. DWR expects that the majority of flood-related cases and legal needs will begin in late FY 2013-14 and continue into FY 2014-15 and beyond.

One example of the 28 scheduled cases is a five week trial scheduled for March through May 2014 by the Arapahoe Water and Sanitation District. This case resulted from increased competition for water on the Front Range and the contention that it created amongst water users. DWR is actively involved in cases such as this, due to implications for water administration. Although most cases will settle prior to trial, many settle on the eve of trial after significant pre-trial time and costs. Preparing for just one trial can result in significant attorney and paralegal time as well as significant pre-trial discovery, trial preparation, and trial costs. For example, one successful 10 day trial in the District Court for Water Division 1 (Case No. 07CW251) required 522 attorney hours and 108.5 paralegal hours between the initial disclosure of expert reports and the close of trial, with total fees and costs of \$112,479. Additionally, the AG's Office analyzed 28 recent enforcement actions and determined that an average enforcement action lasts for 2.3 years with the AG's Office billing an average of 66.5 hours per year. Over 2.3 years, an average case requires approximately 153.0 hours.

Contributing Factors Requiring Additional Legal Services for FY 2013-14 and Ongoing

1. *September 2013 flood events:* To handle the additional workload from the recent flood events, the AG's Office assembled a team to deal with all flood-related emergency legal requests. DWR continues to consult with the AG's Office with regards to dam safety, emergency inspections, and the restoration of diversion and measurement structures adversely affected by the flooding. DWR anticipates being involved in many water court cases involving flood-related claims over the next several years. Through November, DWR estimates that approximately 192 legal hours have been dedicated to flood-related legal needs. Due to the unprecedented nature of the flood, the AG's Office is uncertain of the exact legal needs expected for flood response, but does anticipate that flood-related issues will persist into the future.
2. *Produced nontributary ground water activity:* Produced water issues have consumed significant amounts of legal resources since 2005, when questions regarding the effects of produced water on water rights came before the State Engineer. Historically, the State Engineer did not administer ground water withdrawn in the course of oil and gas operations ("produced water") unless the water withdrawn was put to a beneficial use. However, the State Engineer's position was challenged in 2007 by a group of water right holders near Durango, in Water Division 7. The outcome of that challenge was a ruling in *Vance v. Wolfe* (2009), where the Colorado Supreme Court specifically found that the extraction of ground water in the course of coalbed methane ("CBM") operations was a beneficial use of water, and that operators of CBM wells must obtain well permits under the Ground Water Act. Further, the Colorado Supreme Court found that all produced water is subject to consideration of permitting requirements under the 1965 Ground Water Management Act as well as administration under the 1969 Water Rights Determination and Administration Act. As a result, pursuant to *Vance*, the State Engineer had to consider the need to permit, as well as determine whether augmentation or substitute water supply plans were required, for the more than 35,000 existing oil and gas wells at that time.

In reaction to the *Vance* decision, the General Assembly passed House Bill 09-1303, as codified in C.R.S. §§ 37-90-137, 37-90-138(2), and 37-92-308(11). House Bill 09-1303 had three primary purposes, one of which, codified in C.R.S. § 37-90-137(7)(c), authorized the State Engineer to adopt rules to assist in the administration and permitting of produced water. This authority was affirmed and clarified through HB11-1286, also codified in 37-90-137(7)(c). The Produced Nontributary Groundwater Rules (2 CCR 402-17) were promulgated in 2010. The rulemaking created a significant demand for legal resources, which theoretically could have ended with the

rulemaking. However, continued challenges to the rules necessitated ongoing legal assistance. First, the rules were appealed to the District Water Court on several different grounds and upheld on nearly all of them. Following that appeal, one legal question remained regarding the State Engineer's authority to make nontributary determinations on tribal lands. This question was argued separately before the Colorado Supreme Court. The Colorado Supreme Court ruled on this question on November 25, 2013, upholding the State Engineer's authority. From this background, it is evident that beginning with the initial questions in 2005, and continuing with the litigation in *Vance v Wolfe*, the rulemaking, and the litigation associated with the appeal of the rules, there has been a constant stream of legal costs since 2005.

Going forward, DWR cannot project that the litigation is complete, even though the rulemaking is complete. First, two "basin-specific" matters from the 2009-2010 rulemaking will likely be appealed. These appeals will require the State Engineer to actively defend decisions made in the rulemaking and if that defense is not successful, the State Engineer could have to repeat portions of the rulemaking. Second, there are several pending water court cases in Water Division 7 related to the rulemaking that were stayed until the ruling from the Colorado Supreme Court was finalized. With the finality of the Supreme Court's ruling, those cases could all become active very soon. This would significantly increase DWR's active caseload in Division 7 beginning in FY 2013-14.

3. *Other large nontributary ground water claims:* On a related matter and also relevant to current and future legal costs, the growth in oil and gas operations in recent years, coupled with industry interest in supplying water for oil and gas operations from new sources, has resulted in a new need for legal assistance. The State Engineer is receiving applications for well permits in ground water sources that are not typically accessed. To allow this, the State Engineer must make hydrogeologic evaluations of the ground water resources to determine the proper legal basis for administering these resources. Specifically, the State Engineer must determine whether the ground water is "nontributary." "Nontributary" ground water is defined as ground water that is so isolated from surface streams that its withdrawal will have minimal impact on the flow of surface streams. Such ground water is described quantitatively in C.R.S. §§ 37-90-103(10.5).

Under current law, water users may seek a nontributary ground water determination either by filing an application to the State Engineer for a well permit or by filing an application in water court. Policy 2010-4 was adopted by the State Engineer in July 2010 to standardize the procedure to review requests for nontributary ground water determinations when accompanied by an application for a well permit (pursuant to 37-90-137(4) and (10), C.R.S.). Under the statutory scheme, applicants can file a request for a determination by the State Engineer that ground water in a formation underlying a parcel of land is nontributary. Recently, there have been requests for hearings related to such determinations by the State Engineer (two cases currently are in front of the DWR Hearing Officer). Additionally, Policy 2010-4 is currently being revised to accommodate concerns from water users, which also requires assistance from the AG's Office.

Recent petitions submitted to the State Engineer for the determination of nontributary ground water, such as petitions by 70 Ranch Resource Development, LLC and Timbro Ranch Cattle Company, involve large amounts of water in formations underlying the South Platte River basin. Such large nontributary ground water claims have become contentious due to their requests for large amounts of water in the over-appropriated South Platte River basin. The petitions are likely to entail administrative hearings before the State Engineer and appeals of any determinations by the State Engineer. In the event that the petitioners ultimately decide to pursue their claims in water court,

DWR will require legal services to defend DWR's determinations as to whether the petitioners' claims of nontributary ground water are valid. During such hearings, DWR will require legal counsel for its staff as well as a conflicts legal counsel for the State Engineer, or his designated hearing officer. Therefore, both the State Engineer's Office and the State Engineer require legal representation.

This activity and the legal contention surrounding it have the potential to create an additional level of workload. The additional workload is not only due to the preparation for hearing, the hearings themselves, and the potential water court activity, but also due to the need to defend the State Engineer against legal challenges of his authority to engage in these determinations. Such challenges have been initiated by water users already.

4. *Increased administration of water use and related enforcement actions:* The increased incorporation of ground water use into water administration operations has led to increased enforcement efforts. New water court rules have required an accelerated time schedule for case management and resolution, and also have required increased coordination between the State Engineer's Office and the AG's Office. Water administration and enforcement issues are also expected to increase as a result of the ongoing rulemaking process in Division 3 ("Rules Governing the Withdrawal of Ground Water in Water Division 3"), which is anticipated to be finalized in FY 2013-14. Continuing legal support will be needed for adjudicating the Rules in water court and for implementation. Additionally, as water users try to increase their water yield, DWR has experienced an increase in the numbers of Colorado Open Records Act (CORA) discovery requests, which require review by the AG's Office.

Based on the needs of just four of the seven water divisions, DWR projects the potential for up to 28 enforcement actions each year; these divisions have more enforcement and curtailment needs due to the demand for limited supplies of water. These enforcement and curtailment actions include: (1) the curtailment of some of the estimated 6,700 unlawful ponds in Water Division 2 (Arkansas River Basin), which could significantly contribute to closing the gap in projected water supply needs by the year 2050; (2) the enforcement of new well measurement rules in Water Division 1 (South Platte River Basin) as well as the curtailment of the over-pumping of wells in the Republican River district; (3) the curtailment of unlawful ponds and unlawful use under exempt well permits in Water Division 5 (Colorado River Basin), as well as the improved administration and resulting curtailment due to the increasing number of augmentation plans; and, (4) the enforcement of new ditch drain measurement orders, unlawful pond curtailment orders, and orders regarding the lawful place of decreed ground water rights in Water Division 3 (Rio Grande Basin). To a lesser extent, similar curtailment and enforcement actions will exist for the other three water divisions.

5. *Increased complexity of water law:* Augmentation plans, rotational fallowing agreements, and changes of agricultural rights to other uses all require greater legal scrutiny to assure accuracy and the ability to properly administer and distribute water without interfering with established water rights and court decrees. DWR also has participated in increased negotiations and dispute resolution processes in lieu of litigation. Recent negotiations regarding the Colorado River Cooperative Agreement, the Animas La-Plata Project operations, and the San Juan Chama Project operations have all required additional legal services.

DWR currently is part of the review process for all water court applications, and carefully considers cases before making a decision to become a party to a case. As such, DWR is only actively involved in three

percent of water court filings each year, relying on strong recommendations to the courts to resolve issues. To effectively administer water, DWR must enforce existing decrees to ensure accurate water administration. Water users who violate decrees or orders are subject to legal action, which requires DWR to have legal representation. Recent enforcement cases brought by DWR have been successful, but have come with legal services costs. Further, DWR has no ability to control the court's schedules and cannot postpone active cases. Without supplemental funding, DWR would be unable to enter any new cases, which could have adverse impacts to water users. If there is a shortage in DWR's legal services appropriation to finish a case, then it would have to be funded from other DWR line items or DWR would be compelled to spend in excess of its legal appropriation. If an over expenditure were to happen, the over expenditure would be restricted in the next fiscal year. If this were to happen, DWR would have to submit a supplemental in FY 2014-15. DWR currently anticipates spending its full operating appropriations to hire permanent staff and to pay for additional mileage. In FY 2012-13, DWR spent all of its personal services and operating funds on day-to-day business. DWR anticipates the same will be true for FY 2013-14, creating a need for the additional General Fund in this Supplemental Request. That is, legal needs cannot be funded out of DWR's base operating budget as envisioned in Section 24-75-112 (1)(m)(II), C.R.S.

Adverse water court rulings can impact the amount and timing of water deliveries to vested water users, creating significant economic impacts. For example, on the eve of trial in October 2013, DWR negotiated a settlement, which prevented 37 acre-feet of injury to water users. This case involved water use in Perry Park in Douglas County, where the cost of water was valued at over \$30,000 per acre-foot. DWR's legal action was effective in preventing over \$1.0 million dollars of injury to vested water rights. Delays in settling cases or in prosecuting cases also cost water users money. Water users can be impacted by not having the water available for their use during the case. Additionally, during delays, the court regularly conducts status conferences to assess the progress of the case, which require that each party pay for attorney time that does not resolve the case. Delays in resolving administrative issues also impact other water users when those issues impact the ability of those users to divert water. A two month delay during the irrigation season could mean the loss of a crop. DWR works to ensure this does not happen and as of today that is the case.

Division of Reclamation, Mining, and Safety Legal Needs

A higher than normal workload in the Minerals Program has occurred since July 2013 due to extensive legal consultations related to hazardous materials discovered at an illegal gold processing mill in Montezuma County and prospecting issues that were brought before the Mined Land Reclamation Board. The Division's total legal services funding is adequate to cover these costs, but the spending authority is limited to federal funding sources in two programs within the Division and is not transferable to cover Minerals issues. If the federal spending authority is changed to cash fund spending authority, that spending authority can be re-allocated to the Minerals Program, and the attorneys can appropriately bill their time where the majority of the workload is occurring. Without the net-zero fund source change, DRMS would need to reduce legal support from attorneys normally assigned to DRMS, and specifically the Minerals Program.

Proposed Solution:

Division of Water Resources:

DNR requests \$163,944 General Fund in FY 2013-14 and ongoing for additional legal services for DWR. This is the equivalent of 1,800 legal hours and 1.0 attorney FTE and represents a 3.8 percent increase to DNR's base Legal Services Line Item in FY 2013-14 and a 16.0 percent increase to DWR's base Legal Services appropriation. The 1,800 hours requested are for the supplemental and the budget amendment. As such, this would be a permanent increase to DWR's legal services budget. It is anticipated that flood-

related issues will persist into the future as will the new large nontributary claims as the oil and gas industry and others seek new sources of water in reasonable proximity to their operations. Exxon, Chevron and other oil and gas interests are also pursuing changes of water rights to meet their needs. Increased enforcement actions are also anticipated to persist and more such actions could be proceeding if DWR and their attorneys had the necessary resources. We are not certain that the majority of the ongoing request for FY 2014-15 can be attributed to flood-related issues, but it is difficult to predict at this time given the unprecedented nature of the flood. However, we do expect flood-related issues to be a significant component going forward. This request allows the AG's Office to respond to: (1) the 2013 flood; (2) new large nontributary claims; (3) increased oil and gas activity (involving water); and (4) increased enforcement activity, all of which are relatively recent occurrences. With the additional funding and FTE, the AG's Office will be able to better meet the demand of the increased caseloads and to avoid additional legal delays and costs for the water users of Colorado.

If this request is not funded, the difficulty for DWR staff and its attorneys to meet litigation-related deadlines will persist, resulting in water court cases taking longer and costing more for Colorado water users. DWR staff and supporting attorneys currently are making litigation-related deadlines by requesting enlargements of time from the water courts or rushing expert reports, discovery and motions, all of which adversely affects the State's interests. Due to the heavy litigation docket, efforts are primarily focused on settling cases and the vast majority of cases do settle without going to trial. However, the combination of a heavy docket and the proper focus on settlement adversely affects trial preparation for the cases that do not settle, which frequently results in compressed pre-trial discovery and depositions and insufficient time to prepare effectively for trial. Ironically, effective trial preparation motivates settlement and results in better settlements for the State, but the State lacks the resources to engage in effective trial preparation in each of its cases. For instance, the State rarely engages in formal discovery, including interrogatories, requests for production of documents, requests for admissions, or depositions, due to a lack of resources. DWR and its attorneys are encumbered as a result. The problem is exacerbated by the heavy docket and uncertainty as to which cases will be going to trial. Further, DWR's ability to react to unexpected matters needing legal services or review, such as CORA requests or unanticipated emergencies such as floods or forest fires, will be impaired.

Division of Reclamation, Mining, and Safety:

DRMS is requesting a one-time, net-zero fund source change of \$44,500 federal funds spending authority to \$44,500 cash funds spending authority in the Minerals Program. The revenue source to cover this conversion will be severance tax. In addition to the requested fund source change contained in this supplemental, DRMS will transfer \$10,500 of cash funded legal services from the Coal Land Reclamation Program to the Minerals Program. As a result, the Minerals program within DRMS will gain a net increase of \$55,000 in legal services or approximately 600 additional legal hours for FY 2013-14. DRMS believes this amount should be sufficient to cover the legal services needs for the Minerals program during the remainder of FY 2013-14. Under the supplemental request, DRMS as a Division will receive the same number of legal hours as it was originally appropriated in the FY 2013-14 Long Bill. However, to fully move legal hours from the Coal Land Reclamation Program and the Inactive Mine Program in order to solve the one-time need of the Minerals Program, the Department needs to change the funds splits on its legal services line item. Moving forward, DRMS does not have advance knowledge of any significant legal cases that would require this adjustment to continue into FY 2014-15.

Anticipated Outcomes:

This request impacts **all** DWR Performance Measures for its Water Administration Program and DNR's Performance Measure #3, Interstate Compacts. Legal representation, consultations, and research are essential to fulfilling DWR's strategic policy initiatives as follows: (1) Maximize beneficial/optimal use of water; (2) Water delivered correctly to entitled users; and (3) Full compact compliance. Outcomes include avoiding legal delays resulting in increased future costs, prompt and effective legal support in response to recent flood events, and the provision of sufficient resources to enforce water administration.

A one-time, net-zero fund source change allows DRMS to provide the necessary legal support for the Minerals Program during the remainder of FY 2013-14. Legal services support DRMS' strategic policy initiatives to protect the environment by ensuring regulatory compliance at coal and mineral sites and to promote responsible development of the State's mineral and energy sources while protecting the public health, safety, welfare, and the environment.

Assumptions and Calculations:

Table 1: FY 2013-14 Request Calculations

Division	Department of Law Blended Billing Rate	Hours Requested	Request Amount
DWR	\$91.08	1,800	\$163,944

TABLE 2: FY 2013-14 and Ongoing DWR Legal Services Change

Program	FY 2013-14 Available Spending Authority		Requested Supplemental Change		New FY 2013-14 Legal Services Appropriation	
	TOTAL	GENERAL FUND	TOTAL	GENERAL FUND	TOTAL	GENERAL FUND
Arkansas Enforcement, Ground Water, State Engineers	\$1,003,109	\$1,003,109	\$163,944	\$163,944	\$1,167,053	\$1,167,053

TABLE 3: FY 2013-14 DRMS Legal Services Fund Source Change (One-time)

Program	FY 2013-14 Available Spending Authority			Requested Supplemental Change			New FY 2013-14 Legal Services Appropriation		
	TOTAL	CASH	FEDERAL	TOTAL	CASH	FEDERAL	TOTAL	CASH	FEDERAL
Coal Land Reclamation	\$69,557	\$14,622	\$54,935	\$(50,000)	\$(10,500)	\$(39,500)	\$19,557	\$4,122	\$15,435
Inactive Mines	\$6,016		\$6,016	\$(5,000)		\$(5,000)	\$1,016		\$1,016
Minerals	\$261,391	\$261,391		\$55,000	\$55,000		\$316,391	\$316,391	
NET CHANGE	-	-	-	\$0	\$44,500	\$(44,500)	\$0	\$44,500	\$(44,500)

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This Supplemental Request addresses unforeseen contingencies within DWR and DRMS, specifically addressing legal workloads. For the Division of Water Resources, legal workload has been building over a number a years for a variety of reasons discussed (including increasingly complex water law, a growing number of ground water wells subject to DWR administration, and increasing competition for scarce water

resources). DWR had originally planned to use existing legal resources to address the growing legal workload, believing that those resources would cover the Division until FY 2015-16. In fact, late in the summer of 2013, internal discussions within DNR were already occurring to consider a FY 2015-16 Change Request seeking additional legal services for DWR given its growing legal workload. However, the floods across much of Colorado's Front Range and the associated legal workload have exacerbated the already stretched legal resources and required the Division to act more quickly. Similarly, when setting the FY 2013-14 budget, it was not known how much legal time would be spent responding to the discovery of an illegal mill associated with the Red Arrow Mine in Montezuma County for the Minerals Program within DRMS. These unanticipated increases in legal workload have necessitated this request for additional assistance from the Attorney General's Office.

Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Natural Resources
 Request Title: Colorado Avalanche Information Center Stabilization
 Priority Number: S-2, BA-2

Dept. Approval by: Justin Rutter 12-31-13 Date
 OSPB Approval by: [Signature] 10/31/13 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	4,171,766	80,077	4,204,583	105,540	105,540
	FTE	8.4	0.3	8.4	0.6	0.6
	GF	312,940	-	312,940	-	-
	GFE	-	-	-	-	-
	CF	3,373,203	79,547	3,394,090	103,951	103,951
	RF	413,041	530	424,187	1,589	1,589
	FF	72,582	-	73,366	-	-
(1) Executive Director's Office, (A) Administration, Vehicle Lease Payments	Total	3,462,996	2,892	3,462,996	8,676	8,676
	FTE	-	-	-	-	-
	GF	312,940	-	312,940	-	-
	GFE	-	-	-	-	-
	CF	3,092,453	2,362	3,092,453	7,087	7,087
	RF	3,208	530	3,208	1,589	1,589
	FF	54,395	-	54,395	-	-
(1) Executive Director's Office, (B) Special Programs, (1) Colorado Avalanche Information Center, Program Costs	Total	708,770	77,185	741,587	96,864	96,864
	FTE	8.4	0.3	8.4	0.6	0.6
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	280,750	77,185	301,637	96,864	96,864
	RF	409,833	-	420,979	-	-
	FF	18,187	-	18,971	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:
 The letternote denoting the amount from severance tax in the Program Cost line will need to be adjusted to reflect \$269,272 in FY 2013-14 and \$288,951 in FY 2014-15

Cash or Federal Fund Name and COFRS Fund Number: Operatinal fund of the Severance Tax Trust Fund (#704)

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments: Department of Personnel and Administration

Other Information:

Schedule 13
Funding Request for the FY 2014-15 Budget Cycle

Department: Department of Personnel & Administration
 Request Title: Colorado Avalanche Information Center Stabilization
 Priority Number: NP - 6
 Dept. Approval by: [Signature] 12/30/13 Date
 OSPB Approval by: [Signature] 12/31/13 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
Fund		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items		Total				
	Total	\$18,014,816	\$2,892	\$18,197,990	\$8,676	\$8,676
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$18,014,816	\$2,892	\$18,197,990	\$8,676	\$8,676
	FF	\$0	\$0	\$0	\$0	\$0
(4) Central Services (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease, Purchase or Lease/Purchase		Total				
	Total	\$18,014,816	\$2,892	\$18,197,990	\$8,676	\$8,676
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$18,014,816	\$2,892	\$18,197,990	\$8,676	\$8,676
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Fund 607 - State Fleet Management Fund

Reappropriated Funds Source, by Department and Line Item Name:
 Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments:
 Other Information:



Cost and FTE

- This FY 2014-15 Budget Amendment request is for \$105,540, comprised of \$103,951 in Cash Funds from the Operational Account of the Severance Tax Trust Fund, \$1,589 in Reappropriated Funds, and 0.6 FTE to be allocated to the Colorado Avalanche Information Center (CAIC.) This represents a 12% increase in spending authority and a 7% increase in FTE. There is a corresponding supplemental request for \$80,077 (\$79,547 Cash Funds, \$530 Reappropriated Funds, and 0.3 FTE.)

Current Program

- The CAIC attempts to minimize the economic and human impact of avalanches on the citizens of Colorado. The program accomplishes these goals through public education, avalanche forecasts, and through a cooperative agreement with the Colorado Department of Transportation.

Problem or Opportunity

- The CAIC does not have sufficient Severance Tax funding to pay the salaries of its permanent FTE. Currently, donations from the public are used to make up this shortfall of approximately \$50,006.
- Equipment issues hamper the operations of the CAIC. The program has been allocated two vehicles for eight offices, and those vehicles are insufficient to tow equipment used by the program.
- Emergency equipment is outdated and does not allow for two-way communication. This issue has been flagged by a recent third party review of worker safety in the program.
- The total funding for FTE in the Long Bill does not provide for any position to work year round.

Consequences of Problem

- By funding positions dealing with public health, life, and safety with donations, the program must depend on these donations in order to operate. If donations are not sufficient in a given year, services would need to be curtailed.
- Inappropriate equipment increases the risk to employees and prevents the transmission of valuable field observations in a timely manner. This increases danger to both CAIC workers and the public.
- Due to a lack of FTE and funding, senior staff are unable to perform program development or equipment maintenance in the slower summer months.

Proposed Solution

- Increasing Severance Tax funding to the program will allow the permanent staff of the program to operate during the avalanche season, regardless of current year donations. (\$50,006 ongoing)
- Adding four bi-fuel CNG trucks and trading in the two existing Jeeps, along with acquiring 15 two-way satellite communication devices, will increase worker safety and improve avalanche forecasts. (\$8,892 needed in FY 2013-14 and \$13,176 needed in FY 2014-15 and ongoing)
- Funding the program to allow senior employees to work in the summer will improve forecast models, allow time to maintain the weather station network, and allow for long-term planning. (0.3 FTE and \$21,179 needed in FY 2013-14. 0.6 FTE and \$42,358 needed in FY 2014-15 and ongoing)



COLORADO

Department of Natural Resources

John W. Hickenlooper
Governor

Mike King
Executive Director

FY 2013-14 Supplemental / FY 2014-15 Budget Amendment | January 2, 2014

Department Priority: S-2, BA-2

Request Detail: Colorado Avalanche Information Center Stabilization

Summary of Incremental Funding Change	Total Funds	General Fund
FY 2013-14 Supplemental Request	\$80,077	\$0
FY 2014-15 Budget Amendment	\$105,540	\$0

Problem or Opportunity:

The Colorado Avalanche Information Center (CAIC) is a program in the Executive Director's Office of the Colorado Department of Natural Resources. This program is funded by the Operational Account of the Severance Tax Trust Fund, fees, donations, reappropriated funds from the Colorado Department of Transportation, and a small amount of federal funds. This program performs avalanche safety education and training for the public and industry, along with avalanche danger forecasting for the Colorado mountains. Through its education and forecasting efforts the Center attempts to reduce risk to highway travelers, Colorado Department of Transportation highway workers, mountain recreationalists, and avalanche professionals.

The CAIC began in 1973 as the Colorado Avalanche Warning Center. It is the oldest public avalanche forecast program in the United States. The Warning Center grew out of the US Forest Service's avalanche research efforts. The US Forest Service dropped the program in 1983 due to budget cuts. That winter the CAIC found a home with the Colorado Department of Natural Resources and, in 1987, the CAIC was placed into the administration of the Colorado Geological Survey. In 1993 the Colorado Department of Transportation contracted with the CAIC to forecast avalanche conditions for many mountain roads. The highway forecasters work closely with the Department of Transportation to keep mountain highways open and travelers safe. In 2013, the Colorado Geological Survey was transferred to the Colorado School of Mines and the CAIC was retained in the Department of Natural Resources as part of the Executive Director's Office.

During the 2012 legislative session, H.B. 12-1355 established a process for transferring the Colorado Geologic Survey (of which the CAIC was a part) to the Colorado School of Mines. During the transfer process, it was determined that the Colorado Avalanche Information Center would be better housed in the Department of Natural Resources and not transferred to the School of Mines. As a result, the General Assembly passed H.B. 13-1057 to retain the program in the Executive Director's Office of the Department.

As part of this transfer, staff at both the program level and the Department level have been assessing the needs and resources of the program and have flagged several areas for improvement. A third party has also completed the first year of a three year program review of the CAIC. The first stage of the review focused primarily on worker safety and some of the recommendations are part of this request (the rest of recommendations are being implemented within existing resources). The Department and third party

reviews have revealed three primary concerns, including: 1) the CAIC has unstable funding supporting permanent FTE; 2) the CAIC lacks the funding for FTE to accomplish program goals during the slower summer months, and; 3) the CAIC staff use outdated or inappropriate equipment to accomplish their jobs effectively and safely.

The first area of concern is the funding for the permanent staff of the CAIC. The program is funded primarily by three sources: Severance Tax from the Operational Fund of the Severance Tax Trust Fund (STAX), cash funds from grants and donations, and reappropriated funds from the Colorado Department of Transportation (CDOT). In order to meet the payroll needs for the permanent staff of the program it is necessary to use approximately \$50,000 of grants and donations annually. On top of this, donations are used to hire three temporary employees who assist the CAIC during the avalanche season, which may last between six to nine months. This revenue source is dependent on third parties choosing to gift or grant monies to support the program and can be variable across the years.

The second area of concern is the funding for FTE to the CAIC minimizes education, planning, and equipment maintenance activities during the summer months. The CAIC currently is appropriated funding for 8.4 FTE, which allows the program to employ 12 people full-time for six months, an average of half-time for three months, and an average of 30 percent of the time for the remaining three months. No employees are planned to be full-time year round, including the Program Director (0.98 FTE) and the Deputy Director (0.83 FTE). Between the avalanche season, which lasts six to nine months, and the funding for FTE, the majority of staff resources are dedicated to forecasting, observation, rescue assistance, and accident investigation during the season, and especially during the winter months. The allocation of staff time reflects the CAIC's dedication to public safety during the most dangerous season. However, another component of maintaining public safety is the necessary education, equipment maintenance, and program improvement planning that can only occur during the summer months. Without full-time staff, these factors of safety do not receive the attention and time necessary for a holistic health and life safety program.

Finally, there are two equipment issues that are currently increasing the danger to CAIC personnel as they perform their duties. The first issue is that program staff currently depends on phone, email, or text messages for emergency communication in the field; however, because much of the field work takes place in remote locations, none of these communication systems are available. For emergencies, the forecasters carry emergency beacons (SPOT devices) which, when triggered, send out an alert to their coworkers and provide the GPS coordinates. However, this system does not allow for two-way communication. This means that office staff cannot locate staff in the field unless the emergency beacon is activated. Staff in the field can only send one of three predetermined messages and cannot communicate the specifics of the help they need. The staff in the field essentially has to choose between "sounding the alarm" and remaining silent. If they are having difficulties (e.g. equipment problems, feeling unwell, entering a dangerous situation) they are unable to warn their coworkers prior to the situation becoming an emergency. If the forecaster is unable to activate their device after the emergency develops, this will significantly reduce the potential response time of rescue personnel. Lastly, if staff in the field observe conditions that are contrary to the current models and forecasts, this information cannot be incorporated into public information and warnings until that staff member returns to an area with available communications.

The second equipment issue is a legacy issue from when the CAIC was a program of the Colorado Geologic Survey. Both the geologists of the Survey and the forecasters of the CAIC required four-wheel drive vehicles for their field work, but both sets of employees might not need vehicles at the same time. It was determined that the CAIC could use two vehicles out of the Survey's fleet for use during the winter.

Both of these vehicles are Jeep Wranglers and they were ultimately retained by the CAIC when the Survey transferred to the Colorado School of Mines. However these vehicles are insufficient for the tasks required of them; for example, employees report that the Jeeps are too small to effectively tow and control large trailers on ice-covered roads. Therefore, the CAIC prefers to trade in the two Jeep Wranglers and acquire four vehicles that are more suited for the operation of the program. The CAIC has identified four field offices that could benefit the most from having access to a vehicle. In total, there are eight CAIC offices where localized avalanche forecasting is performed and many of the forecasters must routinely use their own vehicles to reach observation sites. When forecasters need to tow state-owned equipment, using a personal vehicle to do so can create a liability for the employee from a state risk perspective.

The ultimate goal of the program is to prevent deaths from avalanches (as measured by deaths per 100,000 of population), which will always be where resources are prioritized. The people who benefit from the efforts of the CAIC, such as backcountry recreationalists, the general public living or working in the mountains, vehicles traveling mountain roads, and CDOT workers who keep the roads open, cover a wide portion of the Colorado population and visitors to the State. The Colorado Avalanche Information Center has always strived to maximize its resources to provide the best service to its customers; the Center's staff and equipment resources are limited however, and in fact, the CAIC has the fewest forecasters per square mile of any avalanche program in the country. This request seeks to mitigate the following problems in order to maintain a high level of public safety: current resources fund permanent staff with uncertain fund sources; endanger forecasters with sub-par equipment; prevent field staff from posting real time updates and warnings to the public from remote field locations, and; restrict the ability of the program to provide additional education to the public, maintain the weather station network, or improve the modeling database in the summer.

Proposed Solution:

In order to stabilize and improve the functions of the Colorado Avalanche Information Center, the Department of Natural Resources is requesting the addition of \$80,077 and 0.3 FTE for FY 2013-14; this is comprised of \$79,547 Cash Funds from the Operational Fund of the Severance Tax Trust Fund and \$530 Reappropriated Funds. An ongoing appropriation of \$105,540 and 0.6 FTE beginning in FY 2014-15 will also be required; this is comprised of \$103,951 Cash Funds from the Operational Fund of the Severance Tax Trust Fund and \$1,589 Reappropriated Fund.

Salary and FTE

Based on current salaries and benefits, the current 12 permanent positions require \$642,010 annually to be fully funded. The FY 2013-14 contract with CDOT provides \$335,903 for salaries and benefits (additional funds are provided for operating expenses associated with highway forecasting) and total Severance Tax (STAX) is \$256,101. This leaves a current shortfall of \$50,006 which must be made up for with donations. The Department requests that an additional \$50,006 of STAX be appropriated to the base budget of the CAIC. This will allow all permanent positions to have a steady source of funding to ensure that the full staff of permanent forecasters can be employed for the year. Additionally, by not depending on \$50,006 of donations to make up this salary shortfall, these funds can be used to expand and improve services. This will allow for improved outreach to educate more people on avalanche safety; additional supplies provided to schools on the rudiments of avalanche safety; purchasing, installing, or maintaining weather stations; and additional weather model and avalanche forecast model improvements. This means that donations from the public will be able to improve the CAIC instead of maintaining current program levels.

Though the vast majority of the workload occurs during the winter months, an increasing amount of work needs to be done each summer. Some work that is done in the winter, such as servicing or repairing weather

stations, could be better done in the summer as well. Not only are stations more accessible and safer to access in the summer, but all of the equipment (weather stations, computer networks, software) is used for an operational public safety application. There is a high level of risk associated with changing these systems (maintenance, repair, and most of all development) in the winter months. Database maintenance work, along with long term analysis of forecast and weather data could be accomplished during these months when health, life, and safety issues aren't pressing. Additionally, the "down-time" of the summer is increasingly being used for long term planning and program development. Although no positions are full time, there are some that are close. By adding \$42,358 of STAX and 0.6 FTE, four positions (the Director, the Deputy Director, and two senior forecasters) could be employed full-time to accomplish these goals. Only half of this amount would be needed as a supplemental in the first year.

Communication

In an effort to review and improve operations at the CAIC, the Director of the CAIC has hired an outside consultant who specializes in Risk Management for Avalanche Operations to review the program over a three year period. The first year's report was delivered to the CAIC in August 2013. Many of the suggestions are operational in nature, and program staff will be reviewing and implementing many of them in the ramp-up to the season. One recommendation in particular was related to equipment. Citing a potential 12-hour delay in rescue efforts if a forecaster were unable to activate their emergency beacon, along with improved forecasts and improved general safety, the consultant has recommended that the CAIC acquire two-way satellite transmission devices. These devices allow for two-way text conversations, emergency signal transmission, and shared satellite tracking; they are designed for harsh environments (waterproof, dustproof, and impact-resistant). By equipping each forecaster with one of these devices, worker safety and avalanche accuracy can both be improved. Each device is \$300, and the service plan is \$25 per device, per month. To outfit each of the 15 forecasters with one would require \$4,500 for equipment (\$300 each for 15 forecasters) and \$4,500 annually for service (\$25 per month times 12 months times 15 forecasters). The first year of service is prorated at \$1,500 for four months.

Vehicles

The CAIC is currently using a mixture of the two Jeep Wranglers, which it inherited from the Geological Survey, and personal vehicles to accomplish its duties. In order to provide State vehicles to the four offices that have the most extensive travel and greatest need for towing capacity, it will be necessary to trade in the two Jeeps and acquire four trucks. Though there are eight employees that will need to travel or tow large trailers in the winter, it is expected that the four vehicles can be shared by all. In order to safely tow the trailer and to provide both external and internal storage, the Department is requesting four bi-fuel CNG F-150s. Two of these vehicles will be used full-time by the CAIC to perform forecasting activities in the winter, and maintenance activities in the summer. The other two vehicles will be split with the Executive Director's Office. Under this split, the CAIC will use the two vehicles for eight months a year and the EDO will use them for the four summer months for field visits and travel. Current funding is \$9,233 STAX and \$1,675 Reappropriated Funds. To implement this request, the Department will need \$19,584 total (at a lease cost of \$408 per vehicle, per month) which is an additional \$7,087 STAX and \$1,589 Reappropriated Funds. This amount is prorated for four months in the first year.

Anticipated Outcomes:

These requested changes will put the CAIC in a position to fund its employees with more financial certainty, and will provide sufficient funding to acquire the equipment that it needs. By providing additional funding to keep the senior forecasters working over the summer, increased time can be spent keeping the network of weather stations maintained and conducting a long-term analysis of forecast data

and models. Additionally, the Director and Deputy Director will have time to assist the senior forecasters in their summer duties in addition to working on program planning and administration.

Additional funding for base staff will allow donations from the public to go towards improving the program, such as purchasing weather station equipment, instead of maintain the current program levels. Additional staff time in the summer will also allow for activities which improve the program. One of the places that both of these factors will improve the program is in the maintenance and expansion of the weather station network. This activity will improve avalanche forecast and therefore will benefit public safety. One of the items highlighted in the operational review is the lack of sufficient weather stations in the Eisenhower Tunnel area. As the program review continues, it can be expected that some similar situations will be discovered. The program is installing two new weather stations to help fill in known gaps. The program is also developing plans to install one or two additional weather stations beyond those currently in process. Installing weather stations to fill gaps in the current network also will result in substantial summer work for an estimated seven to ten years which will be made possible by the requested funding.

Without the additional funding envisioned in this request, the CAIC will continue to prioritize funding to the greatest health, life, and safety risks. The forecast staff will continue to make current level of repairs and improvements to the weather station network as time and funding will allow. When the Jeeps come up for replacement, the CAIC would renew its request for more appropriate vehicles. However, due to the important nature of the two-way satellite communicators to staff safety, it will be necessary to find reductions in the current budget to purchase this equipment. This will likely involve reducing the amount of funding for contracts to maintain the website which is used to communicate avalanche risks to the public, or by reducing the funds spent on weather station installation or repair.

Assumptions and Calculations:

A spreadsheet detailing the assumptions and calculations used to develop the request for funding of staff during the summer is attached.

Vehicles:

New Vehicle cost per month $\$408 \times 12 = \$4,896$

Number of Vehicles requested: 4

Total funding needed: \$19,584

Existing funding: \$10,908

Request: \$8,676

Radios:

Equipment cost per radio: \$300

Number of forecasters: 15

Equipment request: \$4,500

Operating per month $\$25 \times 12 = 300$

Number of forecasters: 15

Operating Request: \$4,500

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This supplemental request is submitted under the criteria of new data resulting in substantive changes in funding needs. As noted earlier, CAIC was recently placed in the DNR Executive Director's Office for the

first time pursuant to H.B. 13-1057. As staff from the DNR Executive Director's Office have worked with the CAIC to implement an avalanche information program under this new legislation, CAIC and EDO staff have been holding periodic meetings to review the current status and needs of the program. These meetings continued through November, at which point CAIC began their forecasting season. Through these meetings, several problems have been identified. Further, a third party review of the CAIC released in August of 2013 recommended the purchase of the safety beacons. After the final meeting between the EDO and CAIC staff in November, this request was developed to respond to these recently identified problems and strengthen this public safety program.

Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Natural Resources
 Request Title: Asset Management System Upgrade Appropriation Footnote
 Priority Number: S-3

Dept. Approval by: Justin Rutter 12-31-13
 Date

- | |
|---|
| <input type="checkbox"/> Decision Item FY 2014-15 |
| <input type="checkbox"/> Base Reduction Item FY 2014-15 |
| <input checked="" type="checkbox"/> Supplemental FY 2013-14 |
| <input type="checkbox"/> Budget Amendment FY 2014-15 |

OSPB Approval by: Eric M. Selby 12/31/13
 Date

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	750,000	-	-	-	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	750,000	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(4) State Board of Land Commissioners, Asset Management System Upgrade	Total	750,000	-	-	-	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	750,000	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:
 Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:
 Schedule 13s from Affected Departments: Department of Personnel and Administration

Other Information: FY 2012-13 Long Bill requested footnote:
 "Department of Natural Resources, State Board of Land Commissioners, Asset Management System Upgrade – It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project, or the close of FY 2014-15, whichever comes first."

 FY 2013-14 Long Bill requested footnote:
 "Department of Natural Resources, State Board of Land Commissioners, Asset Management System Upgrade – It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project, or the close of FY 2015-16, whichever comes first."



Cost and FTE

- In FY 2012–13 and FY 2013–14, the State Land Board (SLB) requests that a footnote be added to the Long Bill, on the Asset Management System Upgrade lines, which would allow the appropriations to be available for three fiscal years. This request is the result of unanticipated project delays in FY 2012-13 and does not increase the total appropriation for the project.

Current Program

- The SLB manages more than three million acres of land and four million acres of mineral rights for the benefit of its trust beneficiaries (primarily K-12 education). For FY 2012-13 and FY 2013-14, the SLB was appropriated a total of \$1.5 million (\$750,000 per year) to upgrade the existing Asset Management System. This system will allow for better and more comprehensive management of the SLB's assets, leading to greater revenues for trust beneficiaries.

Problem or Opportunity

- The SLB spent FY 2012–13 on system due diligence, process refinement, and a detailed functional design for the system. Therefore no expenditures were made in FY 2012-13. The \$750,000 appropriated for FY 2012-13 reverted at the end of the year and is no longer available.
- Specific due diligence steps taken in FY 2012-13 included: reviewing OIT's preferred vendor, investigating solutions implemented in other states, analyzing and refining the SLB's needs for the system, developing a comprehensive system requirements list and RFP, and selecting a vendor.
- The FY 2012-13 due diligence ensures that the system costs will be contained to the \$1.5 million while at the same time the system will meet the SLB's business needs.
- An extensive system planning process was used to conduct an RFP and ultimately select a vendor. The SLB has a signed contract and is currently developing the new system in FY 2013-14.

Consequences of Problem

- If the appropriations are not made available for multiple years, the IT system currently under development will not be completed and may not be usable. Failure to make funds available to complete the contract may lead to contract penalties and/or vendor rebid on reduced scope.
- If the system is not implemented, staff efficiencies will not be realized and the Board will be hampered in its efforts to pursue new revenues.

Proposed Solution

- The SLB proposes to add footnotes to the two existing appropriations to allow both appropriations for the asset management system to be available for up to three years.



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Department of Natural Resources

John W. Hickenlooper
Governor

Mike King
Executive Director

FY 2013-14 Supplemental Funding Request | January 2, 2014

Department Priority: S-3

Request Detail: Asset Management System Upgrade Appropriation Footnote

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund
Asset Management System Upgrade	\$0	\$0

Problem or Opportunity:

During the 2012 legislative session, the State Land Board was authorized to spend \$1.5 million of Cash Funds from the Trust Administration Fund to replace and upgrade the State Land Board Asset Management System (SAMS). The \$1.5 million authorization was appropriated over two fiscal years (\$750,000 Cash Funds in FY 2012-13 and \$750,000 Cash Funds in FY 2013-14) based on the then estimated timeline to complete the project.

The State Land Board spent FY 2012-13 on system due diligence, process refinement, a detailed system functional design, and vendor selection. No expenditures were made in FY 2012-13 and the entire FY 2012-13 appropriation reverted at the end of the fiscal year and is no longer available. Nonetheless, the cost to replace the SAMS system remains at \$1.5 million as authorized.

The following is a list of the specific steps taken in FY 2012-13:

- Worked with OIT on options for using Salesforce.com that did not ultimately meet the State Land Board’s complex business needs;
- Analyzed systems utilized by other state land boards and interviewed their staff;
- Conducted three Lean events of State Land Board processes (the State Land Board expects to reduce paper, the number of process steps, and overall processing time by around 50 percent with a new Asset Management System and other changes);
- Worked with OIT to hire a consultant to analyze the best IT solutions for State Land Board’s complex business needs in the context of current technologies;
- Developed a comprehensive scope of work and functional design for an RFP, and;
- Reviewed bids and selected a vendor.

The selected system fulfills a critical need to integrate map data contained in the GIS system with lease information contained in the existing asset management system. This integration will greatly enhance the State Land Board’s ability to manage its portfolio of assets by making information about land values, lease payments, tenant status, and other critical data readily available to staff and the State Land Board for purposes of identifying and evaluating opportunities to increase the value of the Board’s holdings. However, since only \$750,000 of the approved \$1.5 million is available in FY 2013-14, the State Land Board’s ability to implement the system as approved by the General Assembly is in jeopardy.

Proposed Solution:

The originally proposed system is being implemented as envisioned and within the originally approved project amount of \$1.5 million; only timing of the expenditure has changed. The first half of the project was not completed in FY 2012-13, so the timing of the appropriations no longer fits the project. In order to provide the State Land Board with sufficient flexibility to complete this project within the original appropriation, the State Land Board requests the addition of a footnote to both the FY 2012–13 and FY 2013–14 Long Bills giving the State Land Board the ability to expend these funds over a three year timeline. The State Land Board anticipates that the system will be completed in the current fiscal year, maintenance, licensing, and support costs may continue in FY 2014-15 and FY 2015-16. The State Land Board requests that a footnote be added to the State Land Board Asset Management System Upgrade Long Bill line item for FY 2012-13 that reads:

“Department of Natural Resources, State Board of Land Commissioners, Asset Management System Upgrade – It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project, or the close of FY 2014-15, whichever comes first.”

The State Land Board also requests a new footnote for the FY 2013-14 Long Bill that reads:

“Department of Natural Resources, State Board of Land Commissioners, Asset Management System Upgrade – It is the intent of the General Assembly that the appropriation to this line item remain available until the completion of the project, or the close of FY 2015-16, whichever comes first.”

This request is the result of more thorough project scoping up front, and does not increase the total appropriation needed for the project.

Anticipated Outcomes:

The key objectives of the asset management system upgrade are to provide a common platform that supports the State Land Board’s diverse asset portfolio and related business processes, to be flexible enough to grow with the organization, and to have the ability to be supported and configured without needing dedicated technical resources. The new system will operate as a single integrated system addressing the State Land Board business requirements. The key outcome of this request will be a complete system and the recognition of the associated benefits. This will generate substantial improvements in the efficiency and effectiveness of the Board’s asset management function.

Assumptions and Calculations:

None

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This request is the result of an unforeseen contingency that significantly impacts the project. The due diligence portion of the project timeline took longer than was originally anticipated in order to make sure the scope was correct. By fully exploring alternative options, the State Land Board is confident that it has selected a product that will meet its needs and will be implemented within budget. Without the added footnotes envisioned in this request, the appropriations will not be available in order to complete the IT project.

Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Natural Resources
 Request Title: Vehicles for Inspectors
 Priority Number: S-4, BA-3

Dept. Approval by: Justin Rutter 12-31-13
 Date
 OSPB Approval by: Erin M. Kelly 12/31/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	3,462,996	15,248	3,462,996	45,745	45,745
	FTE	-	-	-	-	-
	GF	312,940	-	312,940	-	-
	GFE	-	-	-	-	-
	CF	3,092,453	15,248	3,092,453	45,745	45,745
	RF	3,208	-	3,208	-	-
	FF	54,395	-	54,395	-	-
(1) Executive Director's Office, (A) Administration, Vehicle Lease Payments	Total	3,462,996	15,248	3,462,996	45,745	45,745
	FTE	-	-	-	-	-
	GF	312,940	-	312,940	-	-
	GFE	-	-	-	-	-
	CF	3,092,453	15,248	3,092,453	45,745	45,745
	RF	3,208	-	3,208	-	-
	FF	54,395	-	54,395	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Oil and Gas Conservation and Environmental Response fund (#170)
 Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments: Department of Personnel and Administration

Other Information:

Schedule 13
Funding Request for the FY 2014-15 Budget Cycle

Department: Department of Personnel & Administration
 Request Title: Vehicles for Inspectors
 Priority Number: NP-7
 Dept. Approval by: *[Signature]* 12/30/13 Date
 OSPB Approval by: *[Signature]* 12/31/13 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
Fund		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items		Total				
	FTE	\$18,014,816	\$15,248	\$18,197,990	\$45,745	\$45,745
	GF	0.0	0.0	0.0	0.0	0.0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$18,014,816	\$15,248	\$18,197,990	\$45,745	\$45,745
	FF	\$0	\$0	\$0	\$0	\$0
(4) Central Services (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease, Purchase or Lease/Purchase		Total				
	FTE	\$18,014,816	\$15,248	\$18,197,990	\$45,745	\$45,745
	GF	0.0	0.0	0.0	0.0	0.0
	GFE	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$18,014,816	\$15,248	\$18,197,990	\$45,745	\$45,745
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Fund 607 - State Fleet Management Fund

Reappropriated Funds Source, by Department and Line Item Name:
 Approval by OMT? Yes: No: Not Required:

Schedule 13s from Affected Departments:
 Other Information:



Cost and FTE

- The Oil and Gas Conservation Commission (OGCC) requests \$45,745 for FY 2014-15 Cash Fund spending authority for 10 four-wheel drive, bi-fuel CNG vehicles from State Fleet Management.
- The \$15,248 supplemental request for FY 2013-14 prorates the annual cost into a four month period, based on the current year State Fleet Management vehicle ordering cycle.

Current Program

- The OGCC is responsible for protecting public health, safety, and welfare, including the environment and wildlife resources, while at the same time ensuring the orderly development of the state's oil and gas resources. Field inspections and environmental oversight of more than 50,000 active oil and gas wells play a critical role in the OGCC's regulatory program.
- All OGCC field staff have home offices and spend the majority of the work week visiting oil and gas wells and related infrastructure using a four-wheel drive State vehicle. These staff drive up to 2,500 miles per month, and adverse surface and weather conditions require high clearance vehicles.

Problem or Opportunity

- Due to General Assembly driven changes after figure setting, which added 14.4 FTE to the FY 2013-14 Long Bill, vehicle lease payments for 10 vehicles were not included in the budget with the expectation that this issue would be resolved during the next budget process. Of the 14.4 new FTE, eight are field inspectors and two are environmental specialists. All of these field positions work directly from their homes and require individually assigned vehicles to access oil and gas locations.

Consequences of Problem

- Should the request go unfunded, the OGCC will deploy eight field inspectors and two environmental specialists to the field without adequate transportation to do their jobs, negatively impacting the effectiveness of the OGCC's regulatory program.
- Individually-assigned, dependable four-wheel drive State vehicles are essential to the mission of the OGCC. Many staff members do not have a private vehicle suitable for accessing the more remote, harder-to-reach oil and gas locations in their territories.

Proposed Solution

- To fully support the additional field staff added in the FY 2013-14 Long Bill with the vehicles needed to perform job duties, the OGCC requests an additional \$15,248 Cash Fund spending authority in FY 2013-14 and \$45,745 in FY 2014-15. The cash fund source is the Oil and Gas Conservation and Environmental Response Fund.
- Because the OGCC currently equips each of its field staff with a four-wheel drive vehicle with secure cargo capacity, the proposed solution does not differ from current practices. OGCC will give priority to bi-fuel CNG vehicles when evaluating the four-wheel drive options provided by State Fleet.



COLORADO

Department of Natural Resources

John W. Hickenlooper
Governor

Mike King
Executive Director

FY 2013-14 Supplemental and 2014-15 Budget Amendment | January 2, 2014

Department Priority: S-4, BA-3
Request Detail: Vehicles for Inspectors

Summary of Incremental Funding Change for FY 2014-15	Total Funds	Cash Funds
OGCC – Vehicles for Field Staff FY 13-14 Supp.	\$15,248	\$15,248
OGCC – Vehicles for Field Staff FY 14-15 B.A.	\$45,745	\$45,745

Problem or Opportunity:

The Oil and Gas Conservation Commission (OGCC) requests an additional \$15,248 and \$45,745 in Cash Fund spending authority for fiscal years 2013-14 and 2014-15, respectively, for the Vehicle Lease Payments line in the Executive Director's Office. The requested spending authority will cover vehicle lease payments for 10 additional State-owned, four-wheel drive, bi-fuel compressed natural gas (CNG) vehicles.

During the 2013 legislative session, the Joint Budget Committee and General Assembly added 14.4 FTE in FY 2014-15 for oil and gas inspection above the Department's requested 5.0 FTE. Nearly all of 14.4 FTE positions have been filled, and it is anticipated that the remaining positions will be filled in early 2014. Of the 14.4 new FTE, eight are field inspectors and two are environmental protection specialists, all of whom work directly from their homes. As such, a total of 10 State vehicles are being requested. The remaining 4.4 FTE are office-based and do not require an individually-assigned State vehicle.

Due to the compact schedule during final passage of the FY 2013-14 Long Bill, centrally appropriated items for the 14.4 FTE that were added late in the budget process were, for expediency, either included in the OGCC's Program Cost line item or left out of the budget altogether with the intent to correct the appropriation during the next budget cycle. Included in the OGCC's Program Cost line item instead of the centrally appropriated line items in the Executive Director's Office were Personal Services costs, such as Health, Life, and Dental, Short Term Disability, Amortization Equalization Disbursement (AED), and Supplemental AED. State vehicle lease payments were excluded. JBC staff addressed this issue by informing JBC members that adjustments would be made through the fiscal years 2013-14 and 2014-15 supplemental and regular budget processes.

Adjustment of the Personal Services appropriation is resolved in the FY 2014-15 budget schedules by showing a reduction to the OGCC's Program Cost line item and corresponding increases to the centrally appropriated line items. A formal Supplemental and Budget Amendment request, however, is required for State vehicle lease payments, which is the fixed portion of the total vehicle cost. The variable costs, i.e. mileage and insurance, were included in the OGCC's Program Cost line item when the 14.4 FTE were added to the budget.

State law charges the OGCC with the responsibility of protecting public health, safety, and welfare, including the environment and wildlife resources, while at the same time ensuring the orderly development of the State's oil and gas resources. Field inspections of more than 50,000 oil and gas wells, in addition to several thousand facilities related to these wells, play a critical role in the OGCC's regulatory program.

All OGCC field inspectors have home offices and spend the majority of the work week visiting oil and gas locations by vehicle. Each inspector has an assigned territory based on the geographic distribution of oil and gas locations and the level of difficulty in reaching those locations. Environmental protection specialists also have assigned areas, and many work directly from their homes for quicker response to environmental issues associated with oil and gas impacts.

Each inspector and home-based environmental specialist operates a State-owned, four-wheel drive vehicle in order to access oil and gas wells and related infrastructure. Field staff typically drive as much as 2,500 miles per month. Further, field staff often need to travel in severe weather conditions, in remote areas of the state, on poorly maintained roads, and on steep grades. Surface and weather conditions often require high clearance vehicles. Both field inspectors and environmental protection specialists transport hundreds of pounds of field instruments and equipment with them, including protective clothing and safety gear, to help assess the safety of oil and gas drilling and producing activities.

Individually-assigned, dependable four-wheel drive State vehicles are essential to the mission of the OGCC. Complaint response time would slow if OGCC staff were required to drive their own personal vehicles, as many staff members may not have a private vehicle suitable for accessing the more remote oil and gas locations in their territories. Even the staff that do have a suitable vehicle may not be willing to drive it on rough access roads, where damage and excessive wear would not be covered by the state.

Proposed Solution:

To complete the FY 2013-14 budget process and fully fund the 10 additional home-based field staff, comprising of eight field inspectors and two environmental protection specialists, the OGCC requests an additional \$15,248 in Cash Fund spending authority in FY 2013-14 and \$45,745 in FY 2014-15. The cash fund source is the Oil and Gas Conservation and Environmental Response Fund. The proposed funding will equip each inspector and environmental protection specialist with a four wheel drive vehicle for four months in FY 2013-14 and for the full year in FY 2014-15.

Because the OGCC currently equips each of its field inspectors and home-based environmental protection specialist with a similar type of four wheel drive vehicle with secure cargo capacity, the proposed solution does not differ from current practices.

Should the request go unfunded, the Division will deploy eight field inspectors and two home-based environmental specialists without adequate transportation to do their jobs, negatively impacting the effectiveness of the OGCC's regulatory program. In addition, requiring an employee to use his/her own personal vehicle to conduct daily State business on poorly maintained lease roads would impact the OGCC's ability to hire and retain field staff.

The resources requested within this Supplemental and Budget Amendment impact the Department of Personnel & Administration (DPA), Division of Fleet Management. If approved, this division will have a larger fleet order to perform during FY 2013-14, and after delivery of OGCC vehicles, this division will

have an added maintenance and vehicle management workload. As such, DPA has submitted a corresponding request for Reappropriated Fund spending authority for FY 2013-14 and FY 2014-15.

Anticipated Outcomes:

Providing each of the newly hired inspectors and environmental specialists with a vehicle will give the employee the remaining equipment needed to cover his or her assigned inspection area. The type of vehicle supplied to the inspector will facilitate high quality onsite inspections of oil and gas wells in remote locations, in good and bad weather conditions, on routes that use rough, steep grade, and/or sinuous secondary and temporary access roads.

There are two relevant OGCC Performance Plan strategic initiatives tied to an increase in the Vehicle Lease Payments line item in the Executive Director’s Office. First, properly equipping OGCC field staff with vehicles will contribute to preventing and mitigating adverse impacts on public health, safety, and welfare, in addition to impacts on the environment and wildlife. Second, properly equipping OGCC field staff will ensure compliance from having an effective enforcement program.

Assumptions and Calculations:

This request would provide \$45,745 (10 vehicles x \$381.21 per month each x 12 months) Cash Fund spending authority in FY 2014-15 for 10 one-half ton, four wheel drive, bi-fuel CNG pickup trucks operated by the OGCC. The \$4,575 in annual costs per vehicle will cover the interdepartmental fixed lease charges estimated by State Fleet Management.

The FY 2013-14 supplemental request prorates the annual vehicle cost for four months, based on anticipated delivery dates in the current year’s State Fleet vehicle ordering cycle.

The Oil and Gas Conservation and Environmental Response Fund (Fund 170) is capable of funding this request without a mill levy increase, under current production and product price projections for the oil and gas industry. Table 1 below shows the agency’s projections through FY 2015-16.

Table 1 – Fund Balance, FY 2012-13 through FY 2015-16

Cash Fund Name	Cash Fund Number	FY 2012-13 Expenditures	FY 2012-13 End of Year Cash Balance	FY 2013-14 End of Year Cash Balance Estimate	FY 2014-15 End of Year Cash Balance Estimate	FY 2015-16 End of Year Cash Balance Estimate
Oil and Gas Conservation and Emergency Response Fund	170	\$6,384,336	\$9,959,614	\$6,743,757	\$5,244,104	\$5,122,492

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

A FY 2013-14 Supplemental is required to correct a technical error in the FY 2013-14 Long Bill that will have a substantive effect on the operation of the OGCC. The request will ensure the requested vehicles are included in State Fleet’s vehicle order for Spring 2014 delivery. Otherwise, OGCC would not have

vehicles for ten of the new field-based staff until Spring 2015. Such a delay will negatively impact the agency's field inspection and environmental programs.