

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

NP-01 Annual Fleet Vehicle Request

Dept. Approval By: Will H. Levi  Supplemental FY 2016-17  
 Change Request FY 2017-18  
 OSPB Approval By: Erin N. Kelly 10/26/16  Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$4,074,948	\$0	\$4,074,948	\$204,681	\$204,681
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$261,243	\$0	\$261,243	\$24,876	\$24,876
	CF	\$3,701,399	\$0	\$3,701,399	\$173,304	\$173,304
	RF	\$46,926	\$0	\$46,926	(\$25)	(\$25)
	FF	\$65,380	\$0	\$65,380	\$6,526	\$6,526

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$4,074,948	\$0	\$4,074,948	\$204,681	\$204,681
FTE		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) Administration, (1) Administration - Vehicle Lease Payments	GF	\$261,243	\$0	\$261,243	\$24,876	\$24,876
	CF	\$3,701,399	\$0	\$3,701,399	\$173,304	\$173,304
	RF	\$46,926	\$0	\$46,926	(\$25)	(\$25)
	FF	\$65,380	\$0	\$65,380	\$6,526	\$6,526

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Natural Resources Non-Prioritized Request	
Interagency Approval or Related Schedule	Department of Personnel and Administration	

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

NP-02 OIT Secure Colorado

Dept. Approval By: Will H. Levi Supplemental FY 2016-17  
X Change Request FY 2017-18  
 OSPB Approval By: Erin M. Schmitt 10/26/16 Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$8,472,679	\$0	\$10,869,375	\$150,119	\$256,631
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$1,321,611	\$0	\$1,737,411	\$22,275	\$38,080
	CF	\$5,821,676	\$0	\$8,330,457	\$121,825	\$208,262
	RF	\$1,187,270	\$0	\$694,276	\$3,342	\$5,713
	FF	\$142,122	\$0	\$107,231	\$2,677	\$4,576

Line Item Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$8,472,679	\$0	\$10,869,375	\$150,119	\$256,631
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A)	GF	\$1,321,611	\$0	\$1,737,411	\$22,275	\$38,080
Administration, (1)	CF	\$5,821,676	\$0	\$8,330,457	\$121,825	\$208,262
Administration - Payments to OIT	RF	\$1,187,270	\$0	\$694,276	\$3,342	\$5,713
	FF	\$142,122	\$0	\$107,231	\$2,677	\$4,576

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Natural Resources Non-Prioritized Request	
Interagency Approval or Related Schedule	Office of Information Technology	

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

NP-03 OIT Deskside DI

Dept. Approval By:

*Will H. Lee*

Supplemental FY 2016-17

Change Request FY 2017-18

OSPB Approval By:

*David K. ... 10/26/16*

Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		\$8,472,679	\$0	\$10,869,375	\$60,034	\$62,764
<b>FTE</b>		0.0	0.0	0.0	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$1,321,611	\$0	\$1,737,411	\$8,908	\$9,313
	CF	\$5,821,676	\$0	\$8,330,457	\$48,720	\$50,934
	RF	\$1,187,270	\$0	\$694,276	\$1,336	\$1,397
	FF	\$142,122	\$0	\$107,231	\$1,070	\$1,120

Line Item Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		\$8,472,679	\$0	\$10,869,375	\$60,034	\$62,764
<b>FTE</b>		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A)	GF	\$1,321,611	\$0	\$1,737,411	\$8,908	\$9,313
Administration, (1)	CF	\$5,821,676	\$0	\$8,330,457	\$48,720	\$50,934
Administration - Payments to OIT	RF	\$1,187,270	\$0	\$694,276	\$1,336	\$1,397
	FF	\$142,122	\$0	\$107,231	\$1,070	\$1,120

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Natural Resources Non-Prioritized Request	
Interagency Approval or Related Schedule	Office of Information Technology	

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

**R-2 Program Assistant for Instream Flow**

Dept. Approval By: Will H. Levin

Supplemental FY 2016-17

Change Request FY 2017-18

OSPB Approval By: Erin M. Beck 10/26/16

Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		\$27,133,417	\$0	\$28,835,319	\$72,858	\$68,155
<b>FTE</b>		30.0	0.0	30.0	1.0	1.0
<b>Total of All Line Items Impacted by Change Request</b>	<b>GF</b>	\$3,613,412	\$0	\$4,409,125	\$0	\$0
	<b>CF</b>	\$21,785,830	\$0	\$23,034,733	\$72,858	\$68,155
	<b>RF</b>	\$1,114,844	\$0	\$746,910	\$0	\$0
	<b>FF</b>	\$619,331	\$0	\$644,551	\$0	\$0

Line Item Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		\$13,095,267	\$0	\$14,214,805	\$7,927	\$7,927
<b>FTE</b>		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) Administration, (1)	<b>GF</b>	\$1,978,358	\$0	\$2,619,251	\$0	\$0
Administration - Health, Life, And Dental	<b>CF</b>	\$9,952,512	\$0	\$10,811,660	\$7,927	\$7,927
	<b>RF</b>	\$822,186	\$0	\$445,990	\$0	\$0
	<b>FF</b>	\$342,211	\$0	\$337,904	\$0	\$0

<b>Total</b>		\$179,003	\$0	\$182,582	\$107	\$107
<b>FTE</b>		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) Administration, (1)	<b>GF</b>	\$28,046	\$0	\$29,670	\$0	\$0
Administration - Short-Term Disability	<b>CF</b>	\$141,187	\$0	\$142,841	\$107	\$107
	<b>RF</b>	\$5,014	\$0	\$4,988	\$0	\$0
	<b>FF</b>	\$4,756	\$0	\$5,083	\$0	\$0

<b>Total</b>		\$5,156,204	\$0	\$5,417,877	\$2,433	\$2,433
<b>FTE</b>		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) Administration, (1)	<b>GF</b>	\$807,711	\$0	\$880,102	\$0	\$0

Administration -	CF	\$4,067,023	\$0	\$4,239,027	\$2,433	\$2,433	
Amortization	RF	\$144,575	\$0	\$147,966	\$0	\$0	
Equalization	FF	\$136,895	\$0	\$150,782	\$0	\$0	
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	Total	\$5,102,493	\$0	\$5,417,877	\$2,433	\$2,433	
U1. Executive	FTE	0.0	0.0	0.0	0.0	0.0	
Director's Office, (A)	GF	\$799,297	\$0	\$880,102	\$0	\$0	
Administration, (1)	CF	\$4,024,658	\$0	\$4,239,027	\$2,433	\$2,433	
Administration -	RF	\$143,069	\$0	\$147,966	\$0	\$0	
Supplemental	FF	\$135,469	\$0	\$150,782	\$0	\$0	
Amortization	<hr/>						
Equalization	Total	\$3,127,556	\$0	\$3,129,284	\$54,305	\$54,305	
Disbursement	FTE	30.0	0.0	30.0	1.0	1.0	
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06. Colorado Water	GF	\$0	\$0	\$0	\$0	\$0	
Conservation Board,	CF	\$3,127,556	\$0	\$3,129,284	\$54,305	\$54,305	
(A) Administration -	RF	\$0	\$0	\$0	\$0	\$0	
Personal Services	FF	\$0	\$0	\$0	\$0	\$0	
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	Total	\$472,894	\$0	\$472,894	\$5,653	\$950	
	FTE	0.0	0.0	0.0	0.0	0.0	
06. Colorado Water	GF	\$0	\$0	\$0	\$0	\$0	
Conservation Board,	CF	\$472,894	\$0	\$472,894	\$5,653	\$950	
(A) Administration -	RF	\$0	\$0	\$0	\$0	\$0	
Operating Expenses	FF	\$0	\$0	\$0	\$0	\$0	
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CF Letternote Text Revision Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
FF Letternote Text Revision Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
Requires Legislation?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	
Type of Request?	Department of Natural Resources Prioritized Request				
Interagency Approval or Related Schedule	None				



### ***Cost and FTE***

- The Colorado Water Conservation Board (CWCB) is requesting \$72,858 Cash Funds and 1.0 FTE from the Construction Fund to address workload issues in the Instream Flow Program.

### ***Current Program***

- The CWCB holds over 1,600 decreed instream flow (“ISF”) and natural lake level water rights to preserve and improve the natural environment of streams and lakes in Colorado and continues to appropriate ISF water rights each year for the benefit of the people of the state. This work implements Colorado’s Water Plan by maintaining a strong environment that includes healthy watersheds, rivers, streams, and wildlife. CWCB’s Stream and Lake Protection Section (“Section”) is responsible for processing new ISF appropriations and ISF acquisitions in water court applications, as well as protecting its existing ISFs in water court oppositions.

### ***Problem or Opportunity***

- The Instream Flow Program’s work load includes processing approximately 100 water court cases annually. CWCB held a *Lean* event in the spring of 2015 on part of its litigation process. A key outcome of the *Lean* event was an identified need for a program support FTE. Over the last 10 years, the Section has addressed this need in a piecemeal manner by hiring and relying on temporary employees to perform these duties.

### ***Consequences of Problem***

- Relying upon temporary employees, who only can work for 9-month periods followed by a 4-month hiatus, results in large gaps in program support. Further, a lack of continuity and institutional knowledge combined with staff’s time training new temporary employees is not efficient or effective. Customers of the Section include water courts, water attorneys, water expert engineers, and water users. While the Section staff does their best to keep up with demands without the key support they need, the lack of support results in a backlog of filing and record keeping, and for customers, it results in delays in water court proceedings, which increases costs to everyone involved.

### ***Proposed Solution***

- A more effective and efficient approach to this problem would be to add a permanent Program Assistant II to the Section, who would provide case management and technical support to Section staff in the areas of new appropriations, legal protection, and acquisitions of water for ISF use. This FTE would perform the following tasks and other duties as assigned: ISF case management, including organizing and maintaining files; coordinating with the Attorney General’s Office regarding litigation deadlines and documents; drafting letters, memos and stipulations; preparing materials for board meetings including memos and PowerPoint presentations; database management for the section’s water court case records; and managing files for Laserfiche digital filing.



# COLORADO

## Department of Natural Resources

John W. Hickenlooper  
Governor

Robert Randall  
Executive Director

FY 2017-18 Funding Request | November 1, 2016

**Department Priority: R-02**  
**Request Detail: Program Assistant for Instream Flow**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Program Assistant for Instream Flow	\$72,858	\$0

### **Problem or Opportunity:**

The Colorado Water Conservation Board (CWCB) is requesting a Program Assistant II FTE and funding to assist the Instream Flow and Natural Lake Level Protection Section (Section) with water court participation to manage and protect the CWCB's instream flow water rights and to provide support for water acquisition activities.

The CWCB holds approximately 1,694 decreed instream flow (ISF) and natural lake level water rights to preserve and improve the natural environment of streams and lakes in Colorado. The CWCB continues to appropriate and acquire ISF water rights for the benefit of the people of the state, adding 10-20 ISF water rights to its portfolio every year. This work implements Colorado's Water Plan by maintaining a strong environment that includes healthy watersheds, rivers, streams, and wildlife. CWCB's Stream and Lake Protection Section is responsible for processing new ISF appropriations and ISF acquisitions via both administrative (i.e., CWCB Board) proceedings and judicial proceedings in water court. Additionally, the Section is responsible for protecting the State's existing ISF water rights by opposing and participating in water court cases that potentially could injure those ISFs. The Section's workload includes litigation in approximately 100 water court cases annually. The Section reviews more than 1,300 water court applications filed each year to determine if a proposed water use has the potential to injure the State's ISF water rights, and if so, CWCB enters the water court case as an opposer. Starting in 2010 under new rules, water court deadlines have tightened. These tighter deadlines, in combination with a steadily increasing level of complexity of many water court cases, has increased Section staff's workload by increasing the number of cases staff must review, comment on, or otherwise address each day. In effect, this has tripled the amount of time annually required to evaluate and negotiate each case. The CWCB has been involved in over 400 cases (approximately 300 opposition cases, 10 acquisition cases, and 100 applications for new instream flow water rights) since the new water court deadlines took effect in 2010.

In the spring of 2015, the CWCB held a *Lean* event for its water court case review and water court participation process. A key outcome of the *Lean* event was confirmation that, essential to the process, the Section needs a Program Assistant II FTE to support the Section in managing and protecting the CWCB's instream flow water rights in the context of the Section's water court participation. The Section also needs program support on its growing water acquisition activities, which involve document generation and filing, participation in both administrative hearings and water court proceedings, and maintenance of data. The *Lean* process further identified a need for a new database and active database management. The Program

Assistant II FTE would be a key staff member to manage the database as a consistent daily tool to enter, track and resolve water court cases.

The Section has addressed this ongoing need in a piecemeal manner by hiring temporary employees to support program activities. Relying on a succession of temporary employees to address a consistent year-round stream of work presents a set of problems. Temporary employees are subject to state personnel rules requiring that they work no more than 9 consecutive months before the position remains unfilled for a four month period. These hiatus gaps are problematic because the workload is steady and the absence necessarily requires that other staff members with higher degrees of specialized skills and knowledge attend to it. The gaps also create additional backlog. Temporary employees require upwards of 150 hours of training to become proficient, which, again, pulls higher level staff away from duties that they are uniquely qualified to perform. Additionally, the current approach forgoes a potential efficiency because a series of temporary employees cannot improve their skills and accumulate institutional knowledge in the same way that a year-round employee could. For these reasons, hiring temporary employees to address the specialized workload has been a sub-optimal approach.

The Section's customers include water courts, water attorneys, water engineers, water users, other state agencies, and the general public. While the Section staff does their best to keep up with demands without the key support they need, the lack of consistent program support results not only in inefficiencies in day-to-day operation requiring other staff to attend to program assistant type duties, but also results in a backlog for organizing, filing and record keeping. For customers, the lack of support results in delays in water court proceedings, which increases the inherently expensive litigation costs to everyone involved. Currently, a temporary employee working 9 of every 13 months does the following: organizes and maintains files; coordinates with the Attorney General's Office regarding litigation deadlines and documents; drafts letters, legal notices, memos and stipulations; prepares materials for Board meetings; manages the Section's water court case database; and manages files for Laserfiche digital filing and electronic access. Without a Program Assistant II, Section staff is faced with a four-month period in which they must perform the program assistant tasks each day as described above, or tend to their own job duties including: (1) reviewing the constant flow of water court applications for potential injury to CWCB's instream flow water rights; (2) reviewing the steady stream of documents in all pending active cases in coordination with the Section's engineer; (3) meeting with the Attorney General's Office to discuss active cases and to develop settlement and litigation strategies; (4) negotiating protective terms and conditions with water court applicants; (5) monitoring resolved cases to ensure that the final decree includes the CWCB's stipulated terms and conditions; and (6) reviewing, analyzing, and responding to offers of water rights for potential acquisition for instream flow use.

All of the tasks described above are vital to managing, protecting and acquiring instream flow water rights. Consequences of not performing these tasks in opposition cases on time could include failure to reach a negotiated settlement, which could lead to costly trials. Short of causing a trial, other consequences could include the water court dismissing CWCB's statement of opposition for failure to meet court deadlines, which would result in a water court decree that does not contain terms and conditions to prevent injury to CWCB's water rights. That outcome is the antithesis of protecting CWCB's water rights because water court decrees guide the Division of Water Resources' administration of water rights. A water court decree that does not contain terms and conditions to protect a CWCB water right might also necessitate filing a protest to a ruling, increasing costs to both CWCB and the water court applicant. Other consequences include delays in processing the active water court cases that will in turn delay applicants' prosecution of water court applications. Such delays can result in (1) the filing of additional water court pleadings such as expert disclosures and requests for extension of time; (2) the need to schedule more meetings and court



conferences, which increases legal and engineering consultant costs to applicants, and; (3) adds to the water courts' already over-tapped docket.

For cases already settled, without a Program Assistant II FTE, CWCB's internal backlog for archiving cases could be increased by many additional cases each year. This can cause several problems during the case resolution process with other parties and the courts if Section staff cannot readily access its case files and records for final approval. Further, after a case is decreed and closed by the court, Staff needs to have access to the resolved case files when future related cases or water rights administration issues arise. The combination of insufficient staffing and the inefficiencies created by the backlog of instream flow records not being properly and timely filed results in delayed and missed opportunities for water rights protection. This could result in injury to the water rights that CWCB is required to protect in trust on behalf of the people of the State of Colorado, thus damaging the property interest and reducing its value. Additionally, because the CWCB has a statutory and fiduciary duty to protect instream flow water rights on behalf of the public, failure to do so could result in a lawsuit against the CWCB, which could entail significant costs to the state.

Another program area that Section staff is unable to adequately address without consistent program support is acquisitions of water for instream flow use. Frequently, Section staff is presented with offers of water for instream flow use that must be analyzed and responded to in a limited amount of time due to variables such as time constraints imposed by water rights owners or an opportunity and need to use the acquired water in a certain time period, such as the irrigation season or during a drought. This analysis requires scientific and legal skills that only certain staff members in the Section possess. However, when these staff members spend their time on program assistant level work, the Section necessarily falls behind on these valuable acquisition opportunities, which are one of the key outputs of the Section. The value of water rights offered to the CWCB for acquisition for instream flow use varies depending upon the location (basin) of the water right and the demand for water in that location. However, the average value of irrigation water rights ranges from \$12,500 -- \$18,000 per acre-foot. An offer of 100-acre-feet results in a lost opportunity to acquire a \$1.2-\$1.8 million dollar asset, some of which are offered as a donation, some as a cost-share purchase. The inability to respond to such offers in a timely manner can result in forgoing the acquisition (by purchase, lease or donation) of a valuable water right that would result in additional protection to Colorado's streams.

While the Section work load is a daily demand, some of the Section staff time must be spent on reducing and archiving backlog. While Staff has been diligent about archiving cases and reducing inherited backlog, there remains a current backlog of files from cases that are in various stages of completion. These documents consist of cases in which CWCB filed Statements of Opposition (SOP), water acquisition documents, and various other documents, including legislative material regarding the Instream Flow Program. It is estimated that there are approximately 500 files (containing approximately 35,000 documents) that currently need to be organized and imaged into Laserfiche. Without a person working on these year-round, the backlog will continue to grow as the Section necessarily continues to file SOPs and generate other court documents. In addition to managing the paper and electronic files, current information is added to the Section's database on a daily basis as new cases are filed and as they progress. Hiring a permanent Program Assistant II FTE will address the backlog and the daily needs on a year-round consistent basis, which will in turn assist the Section in meeting objectives in the DNR Performance Plan.

Processing the on-going and backlogged files includes preparing and scanning the paper files and processing the electronic files. Each year, approximately 100 on-going cases need to be processed. The Section also has approximately a 500 file backlog to be processed. The 100 on-going cases require

approximately 15 hours each of the Program Assistant's time, or 1,500 hours per year. The 500 file backlog consisting of different types of files will require approximately 3,500 (calculated at 3,490, see below) hours of work to eliminate the current backlog. Without a full-time Program Assistant II FTE, approximately 50 additional files (28 SOPs, 4 Acquisitions and 20 various files) could be added to the backlog during the 4-month hiatus, adding 349 hours to the backlog work load (see calculations below).

#### Existing Backlog calculations:

For the 250 backlogged SOP cases, it is estimated that it takes 5.5 hours to image each file (with the average file containing in excess of 1,000 pages), for a total of 1,375 hours. Of the 40 acquisition cases, which involve more complex documents, it is estimated that it will take about 24 hours to process each file, for a total of 960 hours. For the remaining 210 files, including agreements, legislation, letters-in-lieu of statements of opposition, notice of de minimis determinations, temporary loans of water for instream flow use, and others, it is estimated to take 5.5 hours to image each file totaling 1,155 hours. The data below describes the amount of time that it would take for the full-time, permanent FTE versus a 9-month temporary employee to handle the backlog of data.

Program Assistant II FTE: Based on 2,080 hrs/yr (12 months at 40 hrs per week):

If 20% of the FTE's time is spent on backlog = 416 hrs

If 80% of the FTE's time is spent on active cases and other duties = 1,664 hrs

Then, the FTE could complete 12% of the backlog in 12 months.

Temporary Employee: Based on 1,560 hrs/yr (9 months at 40 hrs per week):

If 18% of the temporary employee's time spent on backlog = 280 hrs,

If 72% of the temporary employee's time spent on active cases = 1,123 hrs, and

And 10% of the temporary employee's time spent on training = 156 hrs

Then the temporary employee could complete 8% of the backlog in 12 months.

#### Additional Annual Backlog Calculation (with no FTE)

In addition, during the four month hiatus, the program support tasks are at a standstill, resulting in a backlogged workload of approximately 50 more cases (349 total hours):

28 SOPs x 5.5 hrs to process = 154 hrs

4 Acquisitions x 24 hrs to process = 96 hrs

18 various cases x 5.5 hrs to process = 99 hrs

In summary, without the Program Assistant II FTE, not only do day-to-day operations require other staff to attend to program assistant type duties taking them away from their own crucial job duties, but also the existing backlog grows each year. Although the backlog will shrink by about 280 hours in the nine months a temporary is employed, the backlog will grow by an estimated 349 hour during the four months the program is without temporary support. The primary focus of this FTE is to address the current day-to-day workload, while addressing the existing backlog when possible, once top priorities have been addressed. Hiring a permanent employee could help to eliminate the backlog in approximately eight years, but this may not necessarily occur if the position's priorities are shifted depending on new cases and workload. The Section staff realizes the importance of prioritizing the backlog and intends to devote 20% of the full-time, permanent Program Assistant II's time to reduce the backlog. Ten years ago, the backlog was approximately triple the amount listed above and five years ago, the backlog was double the amount. The Section has been steadily working on the backlog and reducing it by hiring 1-2 temporary employees at a time to create focused effort on this problem. However, with increased workload and the new court deadlines, the hiring of 1-2 temporary employees is no longer sufficient to continue reducing the backlog.

Under the status quo of using temporary employees, an additional 69 (280-349) hours of backlog is now projected to accrue in every 13-month period. The backlog will never be eliminated at this pace.

The lack of a permanent FTE to work on the above-described tasks is a problem that directly relates to two outputs contained in the Department's Performance Plan: (1) *Number of Instream Flow Water Rights Managed by CWCB* and (2) *Miles of Stream Protected by Instream Flow Water Rights*. Obtaining a water court decree for an instream flow water right (whether appropriated or acquired) is only the first step in protecting miles of stream. Section staff reviews in excess of 1,300 water right applications filed in water court annually to ensure that the Board's rights are protected, and files statements of opposition in approximately 35 cases per year. Staff is responsible for protecting the CWCB's water rights in these cases, which is accomplished by a multi-year process that includes reviewing engineering reports and proposed court rulings for each application. When it is deemed necessary, protection of CWCB's water rights can also involve negotiating with applicant's representatives to obtain protective terms and conditions to be included in the resulting stipulation and court decree. These water court activities also are a major component of managing the CWCB's ISF water rights, along with extensive recordkeeping, monitoring, and enforcement of the water rights.

With current staffing, the Section's status quo of appropriating, acquiring, and protecting CWCB's ISF water rights has been difficult to maintain with temporary employees and has resulted in slower than optimal response times, challenges to meeting court deadlines, specialized Section staff doing clerical and other program support work, and a backlog of filing. Additionally, over the last few years, the workload has been increasing. The water court rule changes have shortened response time, thus tripling the amount of time required by Section staff to evaluate and negotiate a case each year. CWCB's increasing ISF water rights portfolio is also contributing to the need for additional review and water court case involvement. The Instream Flow Program now finds itself in a position in which one of the most valuable opportunities -- acquiring existing senior water rights to add to the CWCB's portfolio -- is not getting the attention it should. This results in a loss of value to the Program, the state, and the natural environment.

#### ***Proposed Solution:***

The CWCB's proposed solution to this problem is to add a permanent Program Assistant II FTE to the Section. This FTE would provide case management, technical support, database administration, and other program support to Section staff in the areas of legal protection and acquisitions of water for instream flow use. The Program Assistant II FTE would perform the following tasks and other duties as assigned:

- instream flow case management, including organizing and maintaining electronic and paper files;
- coordinating with the Attorney General's Office regarding litigation deadlines and documents;
- drafting letters, legal notices, memos and stipulations;
- preparing materials for Board meetings, including notices and memos;
- database management for the Section's water court case records; and
- managing files for Laserfiche digital filing.

Performing the above-described tasks would require the Program Assistant II FTE to make decisions within existing ISF Program guidelines and to organize and establish work processes to implement ISF Program rules, processes, and other technical requirements. The Program Assistant FTE would identify and develop solutions to problem areas and issues when needed and implement the recommendations from CWCB's *Lean* event in this area.

Having this support would enable Section staff to focus on the substantive aspects of new appropriations, legal protection, and acquisitions of water for instream flow use and perform their jobs more efficiently and

effectively. This would enhance staff's ability to manage and protect instream flow water rights to better serve their customers, benefiting water court applicants, water users, water attorneys and engineers, the court system, the Attorney General's Office, the CWCB, other state agencies, and the public. Additionally, the Section would be able to keep the Instream Flow Database, Laserfiche, and other recordkeeping mechanisms up-to-date, which would enable Section staff to respond to requests for information from the public more efficiently, and to quickly locate documents, information and statistics needed for daily work. Being able to respond timely to public requests for Instream Flow Program information benefits a more general customer base of the Program that includes: (1) nonprofit organizations that work in partnership with the Section on acquisitions of water for instream flow use and other stream protection activities, and; (2) Basin Roundtables and other stakeholder groups working to meet stream protection goals outlined in Colorado's Water Plan, Basin Implementation Plans, and other collaborative efforts. With this needed program support, staff will be better equipped to meet water court deadlines; respond in a timely manner to requests for program information; and respond to offers of water for instream flow use, which frequently are time-sensitive and require extensive review and analysis. With this position, instead of performing program support tasks, Section staff will be able to spend valuable time on negotiation and case resolution in efforts to avoid water court trials. Spending time on case resolution will avoid the default situation of cases proceeding down a litigation course. Litigation to the level of trial in these water court cases could cost approximately \$50,000 to \$100,000 per case. The cost of the FTE would essentially pay for itself if the Program could avoid just one litigated case per year.

With the threat of facing costly trials and other consequences stated above, it is beneficial for the CWCB to hire a permanent Program Assistant II FTE to meet the Section's need rather than hire temporary employees each year. The cost of this request for the corresponding FTE is \$72,858 in cash funds from the CWCB Construction Fund. The funding is on-going because the FTE will be a permanent addition to the Section, and the approval of this request will not require a statutory change nor will it impact other departments. The breakdown of the costs appears in the Assumptions and Calculations area below.

#### ***Anticipated Outcomes:***

If this request is approved, the Section will hire a Program Assistant II FTE to provide the needed program support to Section staff primarily on legal protection and water acquisition activities, but also for other program areas as needed. Without the Program Assistant II FTE, it is uncertain whether the Section will be allowed to continue meeting the ongoing need for program level support with the use of temporary employees. With the permanent Program Assistant II FTE, Section staff will be able to focus on and spend more time on the substance of their own responsibilities and tasks rather than expend time training new temporary employees and on necessary clerical tasks. With consistent program support, Section staff will be able to accomplish all the tasks necessary to manage and protect instream flow water rights.

Approval of a permanent FTE is the best alternative to meet the Section's needs because it will: (1) allow the Section to hire an FTE who will provide consistent support to the Section and gain valuable institutional knowledge of the Instream Flow Program; (2) enable Section staff to focus on the substantive aspects of their jobs, more effectively and efficiently manage and protect the CWCB's instream flow water rights, and add miles of streams protected under the Program; (3) eliminate disruptive gaps and additional backlog in case management, technical, and other program support; (4) help to avoid water court trials where possible; and (5) conserve Section staff's time spent outside of their job duties by eliminating the need to train new temporary employees. These outcomes are directly related to Section staff's ability to achieve two outputs identified in the Department's Performance Plan: (1) number of instream flow water rights managed by CWCB and (2) miles of stream protected by instream flow water rights.

**Assumptions and Calculations:**

The funding for this request will come from the CWCB Construction Fund, which is cash funded. For FY 2017-18, the associated costs total \$72,858 and for the following fiscal years, the costs will be \$68,155 since the amount excludes one-time operating and capital expenses. The following table is a summary of the costs associated with hiring a Program Assistant II.

<b>Costs</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>Personal Services</b>		
Annual Salary (Program Assistant II @ \$4,055/month)	\$48,660	\$48,660
PERA (10.15%)	\$4,939	\$4,939
AED	\$2,433	\$2,433
SAED	\$2,433	\$2,433
Medicare (1.45%)	\$706	\$706
STD	\$107	\$107
Health-Life-Dental	\$7,927	\$7,927
<b>Personal Services Total</b>	<b>\$67,205</b>	<b>\$67,205</b>
<b>Operating Expenses</b>		
Regular FTE Operating	\$500	\$500
Telephone Expenses	\$450	\$450
Office Furniture, One-Time	\$3,473	-
PC, One-Time	\$1,230	-
<b>Operating and Capital Expenses total*</b>	<b>\$5,653</b>	<b>\$950</b>
<b>Total CF Request</b>	<b>\$72,858</b>	<b>\$68,155</b>

\*Annual Salary is based on 1.0 FTE in FY 2017-18 and 1.0 FTE in FY 2018-19. Operating and Capital Expenses include: Supplies/Operating (\$500), telephone (\$450), furniture (\$3,473), computer (\$900), and software (\$330). Supplies and telephone carry over annually, while all other costs are one-time.

**Supplemental, 1331 Supplemental or Budget Amendment Criteria:**

Not applicable.

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

R-1 Assistant Subdistrict Coordinator

Dept. Approval By: Will H. Levi  Supplemental FY 2016-17  
 Change Request FY 2017-18  
 OSPB Approval By: Grant M. Smith 10/26/16  Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$44,736,567	\$0	\$46,447,457	\$82,667	\$84,250
	FTE	252.1	0.0	252.1	0.9	1.0
Total of All Line Items Impacted by Change Request	GF	\$24,140,816	\$0	\$24,947,245	\$82,667	\$84,250
	CF	\$18,861,576	\$0	\$20,108,751	\$0	\$0
	RF	\$1,114,844	\$0	\$746,910	\$0	\$0
	FF	\$619,331	\$0	\$644,551	\$0	\$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$13,095,267	\$0	\$14,214,805	\$7,927	\$7,927
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) Administration, (1) Administration - Health, Life, And Dental	GF	\$1,978,358	\$0	\$2,619,251	\$7,927	\$7,927
	CF	\$9,952,512	\$0	\$10,811,660	\$0	\$0
	RF	\$822,186	\$0	\$445,990	\$0	\$0
	FF	\$342,211	\$0	\$337,904	\$0	\$0
	Total	\$179,003	\$0	\$182,582	\$125	\$136
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) Administration, (1) Administration - Short-Term Disability	GF	\$28,046	\$0	\$29,670	\$125	\$136
	CF	\$141,187	\$0	\$142,841	\$0	\$0
	RF	\$5,014	\$0	\$4,988	\$0	\$0
	FF	\$4,756	\$0	\$5,083	\$0	\$0
	Total	\$5,156,204	\$0	\$5,417,877	\$2,836	\$3,094
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) Administration, (1)	GF	\$807,711	\$0	\$880,102	\$2,836	\$3,094

Administration -	CF	\$4,067,023	\$0	\$4,239,027	\$0	\$0
Amortization	RF	\$144,575	\$0	\$147,966	\$0	\$0
Equalization	FF	\$136,895	\$0	\$150,782	\$0	\$0

<b>Total</b>		<b>\$5,102,493</b>	<b>\$0</b>	<b>\$5,417,877</b>	<b>\$2,836</b>	<b>\$3,094</b>
U1. Executive	FTE	0.0	0.0	0.0	0.0	0.0
Director's Office, (A)	GF	\$799,297	\$0	\$880,102	\$2,836	\$3,094
Administration, (1)	CF	\$4,024,658	\$0	\$4,239,027	\$0	\$0
Administration -	RF	\$143,069	\$0	\$147,966	\$0	\$0
Supplemental	FF	\$135,469	\$0	\$150,782	\$0	\$0
Amortization						
Equalization						
Disbursement						

<b>Total</b>		<b>\$21,203,600</b>	<b>\$0</b>	<b>\$21,214,316</b>	<b>\$68,943</b>	<b>\$69,999</b>
FTE		252.1	0.0	252.1	0.9	1.0
07. Water	GF	\$20,527,404	\$0	\$20,538,120	\$68,943	\$69,999
Resources Division,	CF	\$676,196	\$0	\$676,196	\$0	\$0
(A) Division	RF	\$0	\$0	\$0	\$0	\$0
Operations - Water	FF	\$0	\$0	\$0	\$0	\$0
Administration						

CF Letternote Text Revision Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	<b>If Yes, see attached fund source detail.</b>
RF Letternote Text Revision Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
FF Letternote Text Revision Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
Requires Legislation?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	
Type of Request?	Department of Natural Resources Prioritized Request				
Interagency Approval or Related Schedule	None				



### ***Cost and FTE***

- This request is for an increase of \$82,667 General Fund for 1.0 permanent FTE in the Division of Water Resources (DWR) to assist with an increase in workload related to water administration in the Rio Grande Basin. This represents a 0.4% increase in DWR's FTE and a 0.3% increase to DWR's appropriation for Water Administration.

### ***Current Program***

- The Water Administration program in DWR administers nine interstate compacts and over 170,000 water rights through 45,000 surface water structures and 270,000 groundwater wells.
- DWR maximizes the beneficial use of water in Colorado through administration and achieving 100% compliance with interstate compacts. To accomplish these goals, DWR maintains data on water rights and water diversions and monitors water supplies through stream flow measurements and groundwater regulation.

### ***Problem or Opportunity***

- DWR anticipates a substantial increase in workload caused by the implementation of six new subdistricts and their associated groundwater management plans, as well as additional augmentation plans that are going to be implemented separate from the new subdistricts. The six new subdistricts and the augmentation plans are mechanisms to bring a total of approximately 4,500 groundwater wells into compliance with state administration for the first time.

### ***Consequences of Problem***

- Water right owners may be shorted water and may lose out on potential income; a 1% error in the distribution of water rights has a monetary impact on state water right owners valued conservatively at \$10 million annually. Additionally, the DWR will face the potential for litigation if it does not have the staff to administer water rights in the Basin in an accurate and timely manner.

### ***Proposed Solution***

- The DWR is requesting 1.0 permanent FTE to administer 4,500 new wells operating under the six new groundwater management subdistricts and multiple augmentation plans that will soon be implemented in the Rio Grande Basin.
- The request for FTE requires on-going General Fund but does not require a statutory change.
- Anticipated outcomes include ability for water users to optimize the use of water without interfering with other water rights or the administration of interstate compacts.





# COLORADO

## Department of Natural Resources

John W. Hickenlooper  
Governor

Robert Randall  
Executive Director

FY 2017-18 Funding Request | November 1, 2016

**Department Priority: R-01**  
**Request Detail: Assistant Subdistrict Coordinator**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Assistant Subdistrict Coordinator	\$82,667	\$82,667

### ***Problem or Opportunity:***

**Problem:** The Division of Water Resources (“DWR”) is requesting 1.0 FTE to address increased workload demands caused by recently promulgated (September 2015) groundwater use rules in the Rio Grande basin. These rules are bringing approximately 6,500 large capacity wells and 2,000 small capacity wells under administration in the Rio Grande Basin. Of these wells, roughly 4,500 wells will be under formal augmentation plans or subdistrict plans for the first time. Collectively, these wells are designated as “non-exempt wells” because they are not statutorily exempt from the rules. The development of new Groundwater Management Plans, new Subdistricts, and multiple augmentation plans, as required under the new groundwater use rules in the Rio Grande basin, necessitate this request.

**Background and Efforts to Address the Problem:** Groundwater use in the Rio Grande Basin has impacts on senior surface water rights. DWR has been working toward administration of groundwater in a stepwise basis. In 2004 the legislature clarified the authority and need for the State Engineer to formulate rules regarding groundwater use in the basin (SB04-222). After completion of the initial Rio Grande Decision Support System (RGDSS), the State Engineer promulgated (June 2004) rules regarding *new appropriations* of groundwater in the basin (Confined Aquifer New Use Rules). Those rules, and the use of the RGDSS as basis for the rules, were finally approved by the Colorado Supreme Court in 2007. In 2005 the State Engineer promulgated rules governing the measurement of groundwater diversions in the basin (Measurement Rules). Those rules were approved by the Water Court and went into effect in 2007. After that DWR worked with water users to bring existing groundwater uses under administration. In 2008 the Rio Grande Subdistrict No. 1 was formed to remedy the impacts of existing groundwater use on streams for a portion of the basin. Subdistricts are required to raise sufficient funds to develop and implement Groundwater Management Plans and Annual Replacement Plans that must be approved by the State Engineer to allow continued operation of the wells. Approximately 4,000 non-exempt wells were included in this action. After multiple trips to the Water Court and Colorado Supreme Court, the Groundwater Management Plan and the improved RGDSS supporting the Plan were approved in December of 2011. In 2012 the first Annual Replacement Plan (ARP) for this Subdistrict was implemented.

The Subdistrict No 1 Annual Replacement Plan requires complex administration by DWR and in 2013 the General Assembly provided DWR with 1.0 additional FTE (Subdistrict Coordinator) to assist with the operations. However the formation of this one Subdistrict did not and could not encompass all the non-exempt wells in the basin and senior surface water rights are still being impacted. Therefore, approximately 4,500 additional non-exempt wells continue to operate without administration.

In 2015, after extensive stakeholder input during 24 meetings of an advisory committee and further refinement of the Rio Grande Decision Support System, DWR promulgated Rules for the administration of all existing groundwater uses in the Rio Grande Basin. These Rules require all groundwater users to remedy impacts to senior surface water rights via either a Subdistrict Groundwater Management Plan and Annual Replacement Plan, an Augmentation Plan, or to cease all use. These Rules anticipate the formation of six (6) additional Subdistricts and some individual Augmentation Plans, all of which will need to remedy impacts to senior surface water rights and create sustainability of the aquifers. These new Plans will cover the remaining 4,500 wells in the basin in these six distinct areas (See attached map). The Rules set out deadlines for formation of Subdistricts and the submittal of Groundwater Management Plans, ARPs and Augmentation Plans. Violation of the deadlines ultimately will require curtailment of groundwater use for those violators. Final formation and operations of these Plans will provide for remedies to injuries suffered by senior surface water rights.

Formation of the additional Subdistricts is proceeding with two already approved by the Court, one submitted for review, and three Subdistricts still developing petitions to submit to the District Court. Additionally, multiple Augmentation Plans to provide water for remedy operations have also been filed with the Water Court.

The experience gained in the administration of Subdistrict No 1 has allowed DWR to quantify the increase in workload due to the additional wells being brought under administration. This request is in response to the workload increase anticipated at this time.

***Impact on Workload:*** DWR has experienced and anticipates increasing workload due to: (1) New, More Complex Plans; (2) Additional Daily Operations and Increased Scrutiny; (3) Annual Plan Approvals and Reviews; (4) Higher Valuation of Water; (5) Demands for Tighter Administration, and; (6) Compact Concerns.

***New, More Complex Plans:*** In 2004, the General Assembly passed SB 04-222, which directed the State Engineer to develop Rules and Regulations for the administration of groundwater and authorized the creation of groundwater management subdistricts within Water Division 3 (Rio Grande Basin). Subdistricts are geographic subunits of the Rio Grande Water Conservation District and will enable water right owners, through economies of scale, to more effectively manage operations and remedy impacts/depletions. However, in many cases, individual well owners may not wish to participate in subdistricts for various reasons. In the case of governmental agencies they also may be effectively prevented from participating in a subdistrict due to statutory requirements such as being taxed by the subdistrict. In these cases the only viable alternative for these well owners is to pursue their own Augmentation Plans.

Over the past three years, multiple Augmentation Plan applications have been filed in the Division 3 Water Court regarding water supplies for remedying groundwater impacts. While the Rules

anticipate six new Subdistrict Groundwater Management Plans covering many wells it has become clear that there will have to be at least 15 additional Augmentation Plans for entities that will not or cannot participate under a Subdistrict of the Rio Grande Water Conservation District. Most of these Augmentation Plans will be for municipalities and state and federal agencies. Additionally, it is anticipated that there will be a number of new Augmentation Plans filed in subsequent years as the demand for the limited supply of water in Division 3 grows, which will add to the 120 augmentation plans currently in existence. These existing Plans are relatively old and have operating criteria that tend to be less complex than newer contemporary Augmentation Plans. Contemporary Augmentation Plans are more complex as a result of more sophisticated users, better data, more stringent legal requirements, and a better understanding of the water system.

*Additional Daily Operations and Increased Scrutiny:* Similar to Groundwater Management Plans, administration of Augmentation Plans involves the replacement or remedy of depletions on a daily basis. Remedy operations for both Subdistricts and Augmentation Plans are accomplished through the use of reservoir releases, exchanges, substitutions, forbearance (agreements by which injury to senior surface water rights is remedied by means other than providing water to replace stream depletions, as in the case of monetary compensation), fallowing agreements, and bypass flows. These operations must all be integrated into daily river and reservoir operations by DWR water commissioners. Integration requires extensive coordination between the persons owning the Plans and the Water Division No. 3 office to assure the proper replacement amount, timing, location, and source of replacement water or remedies. The Plans rely on complex groundwater modeling, maintained and operated by DWR. DWR anticipates that these additional Plans will become operational in 2017 and 2018, likely through Temporary Substitute Water Supply Plans (SWSP's) at the beginning, which allow administrative approval by DWR while the Augmentation Plans are pending approval in the Water Court. In addition to the six Subdistrict Plans, a minimum of 15 new Augmentation Plans will be developed and approved that affect many of the rivers and streams in Division 3, some of them under Compact administration. It is anticipated that the daily operations of the new Plans will include new reservoir storage, new exchanges (three Water Court cases have already been filed), new storage releases, new accounting, new forbearance operations, new bypass operations, and impacts on Compact administration operations. DWR is also experiencing increased administration pressures on the existing 120 Augmentation Plans. The promulgation of the Rules and the attendant increases in the value of water and scrutiny by other water users has resulted in increased administration efforts for these Plans by DWR. Each of the existing and new Plans will require extensive record-keeping in order to confirm that they are in compliance with their court approved Plans.

*Annual Plan Approvals and Annual Reviews:* Under the Rules, the Plans will have to present an application for an ARP each spring in order to operate for the year, and will have to provide a Review of the Plan Operations at the end of the Plan year. These twice annual reviews completed by DWR are labor intensive and involve review of replacement water right portfolios, forbearance agreements, fallowing agreements, exchange plans, reservoir storage, forecasts of river flows, operational details, Compact operations, and an understanding of water administration in the Rio Grande basin. These reviews require significant time from water commissioners, the subdistrict coordinator, and other staff;

*Higher Value of Water:* The current value for replacement water or equivalent remedy in the river is \$250 per acre foot delivered, many times the value of water in other areas of the State. For example, Subdistrict No 1's remedy requirement, just for 2016, is valued at over \$500,000. Other Plans will

have similar or greater remedy requirements and hence higher total values. Water users within these Plans are funding these efforts through various fees including pumping fees that are currently \$75 per acre-foot and are projected to increase. Because of Rio Grande Compact delivery requirements and the over-appropriated nature of the basin, active water administration occurs every day of the year in the Rio Grande basin. With water commissioners busy trying to incorporate complex Plan operations into already full daily administration in multiple areas, it is likely that senior water rights holders could be shorted or suffer delays in getting their water, which can lead to a significant economic impact and potential litigation.

*Demands for Tighter Administration:* Our experience with Subdistrict 1 has taught us that with every acre-foot of pumping representing an additional cost to the water user, the users respond by requesting tighter administration, verification of each year's pumping records, and other documentation of groundwater use. The staff time required to address this increasing scrutiny by users and the Subdistrict 1 representatives is affecting the ability to complete other required workload. As the Augmentation Plan entities strive to coordinate their needs with each other and the Subdistricts, the level of demand for review of DWR water administration and records will increase, placing a greater demand on staff time. Existing Augmentation Plans will require more scrutiny and time to administer as the various and sometimes competing tools are implemented by the entities to replace depletions daily to various streams. The physical limits of the river systems may preclude all entities from implementing their desired remedy on any given day, creating the need for even more coordination and intervention by DWR staff.

*New Sustainability Metrics:* Under the new groundwater Rules submitted to Water Court by the State Engineer in September 2015, all Plans will require a means to recover and maintain sustainable levels for the aquifers that the wells depend on. DWR has established a preliminary metric (volumetric pumping limitations) for sustainability in the Rules. As DWR collects and analyzes data going forward, that metric will evolve to maintaining groundwater levels as mandated by the General Assembly. With that evolution, Plans may also need to adjust their approach to meeting sustainability. This may require an amendment to the Rules including additional record keeping and administration by DWR.

*Compact Concerns:* The new Plans and their operations must be integrated into existing water administration without impacting Colorado's ability to comply with the Rio Grande or Costilla Creek Compacts. Non-compliance on either of the two interstate compacts in Division 3 can lead to interstate litigation and potential further curtailment of Colorado users' water rights. The requested FTE as detailed in the Solutions section below will assist in alleviating these problems.

#### ***Proposed Solution:***

DWR requests \$77,014 GF in Personal Service dollars and 1.0 FTE, as well as \$5,653 GF in one-time operating dollars, for a total of \$82,667 GF for an Assistant Subdistrict Coordinator in the Rio Grande basin. This position is for a Physical Science Researcher/Scientist II (PSRS II) to administer a minimum of 135 augmentation plans and assist with six Subdistricts to bring approximately 8,500 non-exempt wells into the administrative process for the first time.

The requested FTE will assist the Subdistrict Coordinator in coordinating the multiple Plan operations and multiple river administration activities. Additionally, this position will analyze all accounting for the Plans and will verify compliance with approved Water Court decrees. This position, along with the Subdistrict Coordinator, will direct various aspects of the work of water commissioners, administration staff, and hydrographers working on Plan related projects.

It is estimated that 17 staff members from the Division No. 3 office will each spend in excess of 2,100 hours a year assisting the Subdistrict Coordinator in handling additional workload from bringing 8,500 wells into compliance with the Rules, administering seven Subdistricts, and administering over 135 augmentation plans. These staff members include Water Commissioners, Well Commissioners, Assistant Division Engineers, and the Division Engineer.

Anticipated outcomes include the ability for water users to optimize the use of water without interfering with other water rights or the administration of interstate compacts. Accurate and timely administration will assure the high value water or remedies are maintained with the appropriate water user. Absent this position DWR will not be able to adequately respond to the new, more complex Plans and the new additional daily operations will not be performed. If DWR is unable to meet the additional workload, provide for the increased scrutiny, and satisfy the demands for tighter administration, we will most certainly face the potential for litigation. Inadequate administration of these additional wells would result in less water or financial loss to senior water users.

DWR now has information that there will be six new Subdistrict Plans and a minimum of 15 new Augmentation Plans in the near future and believes that one additional FTE will be sufficient to coordinate the operations of these new Plans and to bring the existing 120 augmentation plans into compliance with the Rules. In summary, each of the new six Subdistricts will have an individual Groundwater Management Plan and there will be about 135 Augmentation Plans, each having individual replacement and newly added sustainability obligations. Until the Plans are operational and the workload is fully understood and realized, DWR cannot commit to this being the last request for additional FTE to address this issue.

#### ***Anticipated Outcomes:***

*Annual Plans and Annual Reviews by DWR:* As required by rulings from the Water Court and Supreme Court, each Subdistrict and any entity not in a Subdistrict must obtain a Plan to dictate how they will remedy their depletions to the streams and how they will achieve and maintain a sustainable aquifer within their area. As part of the requirements of the Plans, information must be submitted to the Division Engineer through annual accounting to allow him or her to determine if each Plan is operated in compliance with its decree and the Rules for the previous year and whether it will be in compliance for the upcoming year. These two reviews, completed by DWR, involve review of replacement water right portfolios, forbearance agreements, fallowing agreements, exchange plans, reservoir storage, forecasts of river flows, operational details, compact operations, and an understanding of water administration in the Rio Grande basin to assure that the Plan operations were effective in remedying injury and sustaining the aquifers. The reviews document whether each Plan did (or did not) perform as expected. Non-performance will affect the approval of the next year's Plan.

*Allow Staff to Concentrate on Existing Duties:* These reviews require significant time from Water Commissioners, the Subdistrict Coordinator, and other staff. Additionally, review of the Plans occur at a time when major water operations are starting, thus affecting the delivery of water to Colorado

water users and to the Rio Grande Compact. The new position will assist the Subdistrict Coordinator in reviewing the seven potential Annual Replacement Plans and the multiple yearly operations requirements associated with the new augmentation plans. This new position will also be tasked with assisting the subdistrict coordinator in administering the daily operations of the subdistricts and the augmentation plans. The new position would relieve these new additional daily operations from existing staff, so that they may concentrate on their required duties.

*Performance Plan:* With the addition of this position the DNR Strategic Plan metrics for number of observations, number of augmentation plans, number of structures with active administration should continue on their current (upward) trend indicating that DWR is still meeting the performance metrics. The Performance Plan also shows that Colorado has been meeting interstate water compact requirement on the Rio Grande River; the requested FTE will help Colorado to continue meeting this objective.

***Assumptions and Calculations:***

The Personnel Services estimate is based on the minimum salary for the position. PERA and Medicare estimates were calculated as 10.15% and 1.45% of base salaries, respectively. Operating dollars are estimated based on OSPB’s Common Policies, equating to \$5,653 per new FTE.

***Rio Grande Basin – Assistant Subdistrict Coordinator***

Costs	FY 2017-18	FY 2018-19
Annual Salary (Physical Science Research/Scientist II @ \$5,156)	\$ 56,712	\$ 61,872
PERA (10.15%)	\$ 5,756	\$ 6,280
AED (5%)	\$ 2,836	\$ 3,094
SAED (5%)	\$ 2,836	\$ 3,094
Medicare (1.45%)	\$ 822	\$ 897
STD (.22%)	\$ 125	\$ 136
Health/Life/Dental	\$ 7,927	\$ 7,927
Operating and Capital Expenses	\$ 5,653	\$ 950
Total	\$ 82,667	\$ 84,250

***Supplemental, 1331 Supplemental or Budget Amendment Criteria:***

N/A

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

**R-3 Satellite Monitoring System**

Dept. Approval By: William H. Lee  Supplemental FY 2016-17  
 Change Request FY 2017-18  
 OSPB Approval By: Erin M. Hall 10/26/16  Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$505,028	\$0	\$505,028	\$70,176	\$70,176
	FTE	2.0	0.0	2.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$194,968	\$0	\$194,968	\$0	\$0
	CF	\$310,060	\$0	\$310,060	\$70,176	\$70,176
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$505,028	\$0	\$505,028	\$70,176	\$70,176
	FTE	2.0	0.0	2.0	0.0	0.0
07. Water Resources Division, (A) Division Operations - Satellite Monitoring System	GF	\$194,968	\$0	\$194,968	\$0	\$0
	CF	\$310,060	\$0	\$310,060	\$70,176	\$70,176
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Natural Resources Non-Prioritized Request	
Interagency Approval or Related Schedule	None	



### ***Cost and FTE***

- This request is for a \$70,176 increase in spending authority from the Satellite Monitoring Cash Fund in the Division of Water Resources (DWR) to assist in hydrography and water administration statewide. This represents a 23% increase in the Cash Fund Spending Authority and a 12% increase in the overall Hydrography program support (excluding personal services).

### ***Current Program***

- DWR administers nine interstate compacts and over 170,000 water rights. DWR maximizes the beneficial use of water in Colorado through administration and achieving 100% compliance with interstate compacts. To accomplish these goals, DWR maintains data on water rights and water diversions and monitors water supplies through stream flow measurements.
- The Satellite Monitoring Program is an integral data source for DWR real-time water administration. DWR manages a network of approximately 550 streamflow and diversion structure sites equipped with satellite equipment that transmit data values on an hourly basis. This data allows DWR to adapt administration to changing stream conditions on a near instantaneous basis.

### ***Problem or Opportunity***

- Demand for real-time data continues to increase based on new decrees and the need for more exact and timely administration. Program cooperators, including water conservancy districts, private water rights owners, water user associations, and municipalities, have continued to demand and provide funding for the addition of new stream gaging stations. Since 2011, the number of cooperator funded gages has grown by an average of 12 gages per year.

### ***Consequences of Problem***

- Water users that provide financial support for gages in remote locations see the SMS as an effective way to obtain data without the cost and environmental impact of requiring personnel to visit the gages just to get the data. Without the increased cash fund appropriation, DWR will not be able to accept contributions from cooperators and provide the service being requested. The opportunity for the water entity to realize those savings will be lost as will the administrative and management benefits of having access to the data. If the SMS is not maintained and expanded as appropriate based on regulatory need, either the quality and timeliness of streamflow data would decline, or additional field personnel would be required to take daily readings of gage height for data collection purposes. Lack of adequate funding for this program could result in inefficient water allocation and potential injury to senior water rights leading to increased conflicts, as well as potential intra and interstate court action and damage payments.

### ***Proposed Solution***

- Approving this increase in spending authority will allow DWR to keep up with the need for more satellite monitoring stations and repair more existing stations.





**COLORADO**  
Department of Natural Resources

*John W. Hickenlooper*  
Governor

*Robert Randall*  
Executive Director

FY 2017-18 Funding Request | November 1, 2016

**Department Priority: R-03**  
**Request Detail: Satellite Monitoring System**

<b>Summary of Incremental Funding Change for FY 2017-18</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Division of Water Resources – Satellite Monitoring System	\$70,176	\$0	\$70,176	N/A

**Request Summary:**

The Satellite Monitoring System (SMS) line item in the Division of Water Resources (DWR) budget supports satellite-linked water resource monitoring stations throughout the state. This system provides real-time stream flow information that is used by DWR, consumptive water users such as agricultural entities, and other interested persons such as rafters and anglers. Stations record stream flow and transmit the information to a database housed at DWR's main Denver office. Once in the database, the information is accessible via the Internet, including the Colorado Information Marketplace, and is archived indefinitely.

The total FY 2016-17 appropriation for the SMS is \$505,028, which is comprised of \$194,968 General Fund and \$310,060 from the Satellite Monitoring Cash Fund established in Section 37-80-111.5, C.R.S. The cash fund receives revenue from gage cooperators who are entities that see a benefit to making the stream flow data available in near real time. Program customers and cooperators include water conservancy districts, private water right owners, user associations, and municipalities. Cooperators participate in the program on a voluntary basis with the caveat that should the cooperator opt out of the program, DWR may suspend the collection of data from the previously supported gage. DWR fully expends the current SMS appropriation such that it can no longer accommodate requests for new, cooperator-funded gages. Refer to Table 2 and 3 for a detailed breakout of the items that the contribution funds and Attachment A for the cash fund projections.

The real-time stream gage and diversion structure data provided by the SMS is a critical resource to meet ever-increasing demands of water administration in the State of Colorado. As such, there is continuous demand to add new stream gauges to the Satellite Monitoring System. As shown in the table below, the number of new, cooperator funded gages has grown at an average of 12 gages per year since 2011. DWR projects this demand will continue through at least 2020, resulting in the addition of 48 new gages.

Table 1: No. of Gages

Fiscal Year	Total Stream Gages	Total Cooperator Gages	New Cooperator Gages
2011	499	148	10
2012	519	168	20
2013	530	179	11
2014	537	186	7
2015	549	198	12
Average New Gages Added Each Year			12

As shown in the Assumptions for Calculations section below, the average non-personnel related cost to add and support a satellite-linked gage is approximately \$1,500 per year. To accommodate the additional 48 gages anticipated as being needed, DWR is requesting an increase of \$70,176 cash funds to this line item's current appropriations for fiscal year 2017-18 and succeeding years.

**Anticipated Outcomes:**

Increased spending authority will enable the division to respond to requests from water users to fund additional gages, leading to increased data availability. This, in turn, will ultimately lead to improved water management by the user and water rights administration by DWR.

DWR will use the increased spending authority to help pay for the operations and maintenance of an additional 48 gages over a 4-year period. This includes the cost to install equipment at the gage, support to maintain and repair hydrographic discharge measurement equipment used by hydrographers to maintain the gage, and mileage to service the added gages, which are often located in very remote areas.

It is important to recognize that this request is necessary in order for DWR to accommodate requests from the water users for service. Without the increased authorization, DWR will not be able to accept the contributions and provide the service being requested.

**Assumptions for Calculations:**

The increased spending authority requested is based on an extrapolation of program growth since 2011, which saw an average of 12 new gages added to the system each year. Gage equipment, due to normal wear and tear, has an average useful life of 10 years and costs approximately \$350 to install the \$10,069 worth of equipment. Each gage is visited an average of 8 times per year at an average round trip of 50 miles; this equates to approximately \$200/gage. DWR expends approximately \$100,000 a year to maintain the hydrographic equipment required to maintain the approximately 550

gages in the system; a program cost of approximately \$200/gage. Based on these assumptions and a relatively small cost to store and maintain the database, the additional appropriation required to install and support the 48 new gages is \$70,176, as shown in the table below.

Table 2: Non-Personnel Cost to Install/Maintain Gage

Average Annualized Cost/Gage	First Year	Each Successive Year	Cost over 10 Year Life of Gage
Gage Equipment (Table 3)	\$10,069	-	\$10,069
Initial Installation	\$350	-	\$350
Hydro Mileage	\$200	\$200	\$2,000
Hydro Equipment	\$200	\$200	\$2,000
Database Storage	\$20	\$20	\$200
10-year Total			\$14,619
Annualized Cost based on 10-year Total:			\$1,462
Projected number of new gages:			48
Requested increase in appropriation:			\$70,176

Table 3: Cost of Typical Equipment Installed at Gage

Item	Price (\$)
SatLink 2 Data Coll. Platform w/ HDR GOES radio	\$2,440.00
Radar Water Level Sensor w/ field enclosure	\$3,874.00
SatLink Display	\$574.00
Yagi Satellite Antenna, mount & cable	\$759.00
Lightning protection kit, coax w/ cable	\$382.00
Solar panel w/ cable, mount, regulator & battery	\$575.00
Wire-weight reference gage	\$1,115.00
Miscellaneous hardware	\$350.00
Total	\$10,069.00

**Consequences if not Funded:**

The Division of Water Resources began operating the SMS in 1985; the system has become one of the most important and integral tools for the administration and management of Colorado’s water resources. The data collected from roughly 550 stations are used by clients that include Division of Water Resources personnel, other state and federal agencies including the Colorado Water Conservation Board and the United States Geological Survey, municipalities, canal companies, attorneys, and consulting engineers.

Water users with gages in remote locations see the SMS as an effective way to obtain data without the cost and environmental impact of requiring personnel to visit the gages just to get the data. Without the increased cash fund appropriation, the opportunity for the water entity to realize those savings will be lost as will the administrative and management benefits of having access to the data.

If the SMS is not maintained and expanded as appropriate based on regulatory need, additional field personnel would be required to take daily readings of gage height for data collection purposes. Lack of adequate funding for this program could result in inefficient water allocation and potential injury to senior water rights leading to increased conflicts, as well as potential intra and interstate court action and damage payments.

**Cash Fund Projections:**

See Attachment A.

**Relation to Performance Measures:**

DWR-1 Water Administration Effectiveness.

**Current Statutory Authority or Needed Statutory Change:**

There is no statutory authority that needs to be changed to increase spending authority in the SMS Cash Fund.

**Attachment A – Cash Fund Projections with DI**

<b>Cash Fund Name</b>	<b>Cash Fund Number</b>	<b>FY 2014-15 Expenditures</b>	<b>FY 2014-15 End of Year Cash Balance</b>	<b>FY 2015-16 End of Year Cash Balance Estimate</b>	<b>FY 2016-17 End of Year Cash Balance Estimate</b>	<b>FY 2017-18 End of Year Cash Balance Estimate</b>
Satellite Monitoring	1660	\$261,184.68	\$195,052	\$181,352	\$185,216	\$171,516

Year	Expenditures With DI	Expenditures Without DI	Revenue With DI	Annual % increase
2011	\$181,813.80	\$181,813.80	\$162,949.68	-10.49%
2012	\$204,888.33	\$204,888.33	\$213,312.94	30.91%
2013	\$219,169.92	\$219,169.92	\$259,020.05	21.43%
2014	\$302,538.82	\$302,538.82	\$257,000.00	-0.78%
2015	\$261,184.68	\$261,184.68	\$289,000.00	12.45%
2016	\$308,699.79	\$308,699.79	\$295,000.00	2.08%
2017	\$310,060.00	\$310,060.00	\$313,924.00	6.41%
2018	\$346,547.79	\$310,060.00	\$332,848.00	6.03%
2019	\$365,471.79	\$310,060.00	\$351,772.00	5.69%
2020	\$380,236.79	\$310,060.00	\$370,696.00	5.38%

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

R-4 Chatfield Reallocation Loan Repayment

Dept. Approval By: Will H. Leri  Supplemental FY 2016-17  
 Change Request FY 2017-18  
 OSPB Approval By: Erin M. Smith 10/26/16  Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$216,829	\$216,829
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$216,829	\$216,829
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$216,829	\$216,829
	FTE	0.0	0.0	0.0	0.0	0.0
05. Division of Parks and Wildlife, (B) Special Purpose - Chatfield Reallocation Project Loan Repayment	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$216,829	\$216,829
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Natural Resources Prioritized Request	
Interagency Approval or Related Schedule	None	



### ***Cost and FTE***

- Colorado Parks and Wildlife (CPW) is requesting increased cash spending authority of \$216,829 to cover loan payments to the Colorado Water Conservation Board beginning in fiscal year 2017-18. CPW is not requesting additional FTE.

### ***Current Program***

- Chatfield Reservoir was built in 1975 by the U.S. Army Corps of Engineers (Corps) in southwest Littleton. The reservoir currently has capacity to store more than 350,000 acre-feet of water.
- The Chatfield Reservoir Reallocation Project will reduce depletions and dependency on non-renewable Denver Basin groundwater; facilitate re-use of water; and use the existing reservoir capacity to provide additional supplies for municipal and agricultural users at an estimated yield of 8,500 acre feet per year.

### ***Problem or Opportunity***

- The reallocation project will result in the inundation of a number of existing facilities at Chatfield State Park, including the swim beach, boat ramps, trails, roads, picnic areas, and the associated infrastructure. All the owners of shares in the newly created storage space are required to pay into a mitigation fund to cover the cost of replacing the inundated facilities.
- Each owner is assessed an amount which is to be deposited into an escrow account. CPW is being assessed the sum of \$6,504,850 to cover its portion of the mitigation fund. The FY 2016-17 Long Bill (H.B. 16-1405) provided CPW with a \$6,504,850 cash appropriation to pay these costs.
- In order to obtain the appropriate revenue to finance this appropriation, CPW obtained an interest-free 30 year loan from the Colorado Water Conservation Board (CWCB). CPW has signed a loan agreement obligating the division to repay \$216,829 to CWCB annually for 30 years, beginning in fiscal year 2017-18.

### ***Consequences of Problem***

- To fully execute the Chatfield Reallocation Project, as already approved by the General Assembly, CPW needs operating spending authority to pay back the \$6.5 million loan from CWCB.

### ***Proposed Solution***

- CPW is seeking the creation of a new operating line item called Chatfield Reallocation Repayment, with annual cash spending authority of \$216,829. The funding source for loan payments will be the Wildlife Cash Fund.



# COLORADO

## Department of Natural Resources

John W. Hickenlooper  
Governor

Robert Randall  
Executive Director

FY 2017-18 Funding Request | November 1, 2016

**Department Priority: R-04**

**Request Detail: Chatfield Reallocation Project Loan Repayment**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund
Chatfield Reallocation Project Loan Repayment	\$216,829	\$0

### **Problem or Opportunity:**

In 2016, H.B. 16-1405 (the “Long Bill”) granted Colorado Parks and Wildlife (CPW) capital spending authority totaling \$6,504,850 to cover the division’s proportional share of the Chatfield Reservoir Reallocation Project, a water supply project that reallocates existing storage space in the reservoir from flood control to joint flood control and multi-purpose use. CPW received a loan from the Colorado Water Conservation Board to finance this capital expenditure. To fully execute the Chatfield Reallocation Project, as already approved by the General Assembly, CPW is now requesting increased operating spending authority of \$216,829 to cover loan repayments to CWCB beginning in fiscal year 2017-18.

### **Proposed Solution:**

Chatfield Reservoir was built in 1975 by the U.S. Army Corps of Engineers (Corps) at the confluence of the South Platte River and Plum Creek in southwest Littleton. The reservoir currently has the capacity to store more than 350,000 acre-feet of water. The primary purpose for the reservoir’s construction was flood control, but Chatfield also provides storage space for conservation (sometimes called multi-purpose) water, which is used for municipal, industrial, agricultural, and recreational purposes. The reservoir also provides both fishing and boating recreation, as well as wildlife habitat in a location easily accessed by the large population base of the greater Denver metropolitan area. It is because of these fishing and recreational amenities that the reservoir is designated as a Colorado state park.

Colorado's 2010 population is expected to nearly double by 2050. The South Platte Basin faces a municipal water supply gap that could begin as early as 2020 in the lower South Platte region. The 2010 edition of the Statewide Water Supply Initiative estimates that by 2050 the municipal water supply gap in this basin could reach 340,000 to 505,000 acre-feet. To put this in perspective, an average suburban household uses approximately one-half of one acre-foot of water per year. Colorado's Water Plan calls for a measurable objective of reducing the supply-demand gap to zero by 2030 and attaining 400,000 acre-feet of additional water storage by 2050

After many years of study and negotiation, a proposal to enlarge the storage pool at Chatfield has cleared all regulatory obstacles and contractual agreements are in place to begin the implementation phase of this



project. The Chatfield Reservoir Reallocation Project will reduce depletions and dependency on non-renewable Denver Basin groundwater; facilitate re-use of water; and use the existing reservoir capacity to provide additional supplies for municipal and agricultural users without requiring new dam construction. It has been determined that Chatfield Reservoir can accommodate an additional 20,600 acre feet of water storage without compromising its flood control functions.

The project will result in the inundation of a number of existing facilities at the state park, including the swim beach, boat ramps, trails, roads, picnic areas, and the associated infrastructure. It will also have environmental impacts to uplands, wetlands, and stream habitat above and below the dam. The project must mitigate both the recreational and environmental impacts. All the owners of shares in the newly created storage space are required to pay into a mitigation fund. Specifically, each owner is assessed an amount which is to be deposited into an escrow account. The escrow account has been established for the purposes of paying for the cost of all mitigation associated with the project. The total cost of all mitigation is estimated to be \$134 million.

One aspect of the lengthy regulatory approvals was the creation of an environmental pool within the reservoir. Under the terms of the Water Provider Agreement for the reservoir, CPW will "own" this environmental pool, meaning that, technically, CPW owns a portion of the new storage space being added to the reservoir. Specifically, CPW will own 1,000 acre-feet of water stored at Chatfield Reservoir out of the total increase to storage at the reservoir. This environmental pool will be used strategically for the primary purpose of timed releases of water to alleviate low flow conditions downstream of Chatfield Reservoir, which will benefit wildlife habitat.

CPW, by virtue of owning 1,000 shares (i.e. 1,000 acre-feet) is being assessed the sum of \$6,504,850 to cover its portion of the mitigation fund. The FY 2016-17 Long Bill (H.B. 16-1405) provided CPW with a \$6,504,850 cash funded appropriation to pay these costs. In order to obtain the appropriate revenue to finance this appropriation, CPW obtained an interest-free 30 year loan from the Colorado Water Conservation Board (CWCB). CPW has signed a loan agreement obligating the division to repay \$216,829 to CWCB annually for 30 years, beginning in fiscal year 2017-18. Although the General Assembly has provided general approval for the Chatfield Reallocation Project through previous year CWCB Projects Bills – and for CPW’s involvement in the project through the FY 2016-17 capital construction appropriation – CPW still needs additional spending authority starting in FY 2017-18 to repay the CWCB loan. CPW cannot absorb an expenditure increase of this magnitude within existing spending authority. As such, the division is seeking the creation of a new operating line item called Chatfield Reallocation Repayment, with annual cash spending authority of \$216,829. The funding source for loan payments will be the Wildlife Cash Fund.

#### ***Anticipated Outcomes:***

Securing this cash spending authority will enable CPW to meet its loan payment obligations without reducing expenditures that support other operations. CPW anticipates that the Wildlife Cash Fund can support increased expenditures at this level.

#### ***Assumptions and Calculations:***

Annual payments to CWCB are calculated based on the total loan amount of \$6,504,850 and a 30-year repayment cycle. This is an interest-free loan. The request is to create a new line item, similar in nature to the Beaver Park Dam Repayment line item currently in the Department Long Bill appropriation. In FY

2015-16, the Department made a capital construction request for \$333,333 in cash funds spending authority to pay back a 30 year, zero interest loan of \$10 million from CWCB to CPW. This \$10 million loan was used by CPW to finance emergency repairs to the Beaver Park Dam. Although originally requested by DNR as a capital construction appropriation, the General Assembly (rightfully) determined that repayment of the loan was more appropriately an operating expenditure and the Beaver Park Dam Repayment line item was placed in DNR's operating budget starting with the FY 2015-16 Long Bill. Using the Beaver Park Dam Repayment line item as a model, this request is also seeking to make loan repayments via a new line item in CPW's operating budget.

***Supplemental, 1331 Supplemental or Budget Amendment Criteria:***

NA

**Schedule 13**

**Funding Request for the FY 2017-18 Budget Cycle**

Department of Natural Resources

Request Title

R-5 CCLS Cost Allocation

Dept. Approval By: Will H. Levin  Supplemental FY 2016-17  
 Change Request FY 2017-18  
 OSPB Approval By: Erin M. [Signature] 10/20/16  Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$12,182,405	\$0	\$15,799,445	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$2,959,824	\$0	\$0
	CF	\$10,642,976	\$0	\$11,617,855	\$0	\$0
	RF	\$1,049,200	\$0	\$711,034	\$0	\$0
	FF	\$490,229	\$0	\$510,732	\$0	\$0

Line Item Information	Fund	FY 2016-17		FY 2017-18	FY 2018-19	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$13,095,267	\$0	\$14,214,805	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
01, Executive Director's Office, (A) Administration, (1) Administration - Health, Life, And Dental	GF	\$1,978,358	\$0	\$2,619,251	\$36,709	\$36,709
	CF	\$9,952,512	\$0	\$10,811,660	\$0	\$0
	RF	\$822,186	\$0	\$445,990	(\$36,709)	(\$36,709)
	FF	\$342,211	\$0	\$337,904	\$0	\$0
	Total	\$1,367,180	\$0	\$1,584,640	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
01, Executive Director's Office, (A) Administration, (1) Administration - Capitol Complex Leased Space	GF	\$291,684	\$0	\$340,573	(\$36,709)	(\$36,709)
	CF	\$690,464	\$0	\$806,195	\$0	\$0
	RF	\$227,014	\$0	\$265,044	\$36,709	\$36,709
	FF	\$148,018	\$0	\$172,828	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes, see attached fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

Requires Legislation?

Yes  No

Type of Request?

Department of Natural Resources Prioritized Request

Interagency Approval or Related Schedule None



### ***Cost and FTE***

- The Department of Natural Resources (DNR) seeks approval to reallocate the cost of 2,194 square feet of capitol complex leased space at 1313 Sherman St. from the Division of Water Resources (DWR) to DNR's Executive Director's Office (EDO). This will result in a reduction in General Fund and a corresponding increase in reappropriated funds to DNR's capitol complex leased space line.
- This change will ultimately result in reduced General Fund spending of approximately \$37,000. However, because the additional space will be funded with indirect cost assessments (that would otherwise be used to offset DNR's need for General Fund), there will not be an immediate net reduction in General Fund spending. Based on DNR's methodology for indirect cost assessments, a net reduction in General Fund spending will not materialize until FY 2019-20.

### ***Current Program***

- A 2,194 square foot section of the sixth floor of 1313 Sherman is occupied by OIT staff and its cost is attributed exclusively to DWR.

### ***Problem or Opportunity***

- While it was once the case that staff occupying this space worked exclusively for DWR, they now work on a variety of department-wide issues. This space would be more appropriately paid for out of department indirect cost recoveries, which are recovered from throughout DNR in proportion to personnel.

### ***Consequences of Problem***

- DNR's current allocation attributes an annual cost of approximately \$37,000 General Fund to the Division of Water Resources for this space (this cost fluctuates each year according to the rates set by DPA). Because this space is no longer used exclusively for DWR purposes, this cost allocation is not equitable and charging the expense directly to the General Fund is not appropriate.

### ***Proposed Solution***

- DNR proposes changing the cost allocation for this space, refinancing the cost with department indirect instead of General Fund. The cost of this space to the General Fund is \$36,709 at FY 2016-17 rates; therefore, in FY 2017-18 and beyond there would be a decrease of approximately this amount of General Fund and an increase of the same amount in reappropriated funds to DNR's capitol complex leased space line item.
- This change will not immediately reduce DNR's net General Fund expenditures. The department applies "excess" indirect cost recoveries (indirect cost recoveries in excess of what is needed to pay for departmental and statewide overhead) to offset DWR's share of certain potted items that would otherwise be paid with General Fund. Increasing the amount of department indirect spent on capitol complex leased space will correspondingly decrease excess department indirect funds to apply toward the DWR General Fund offset.
- DNR will eventually recover a larger sum of department indirect to account for the increase in capitol complex leased space attributed to EDO. DNR's methodology bases indirect cost recoveries on actual overhead expenses incurred in the most recent completed fiscal year. If this proposal is implemented for FY 2017-18, then FY 2019-20 will be the first year in which indirect cost recovery is calculated based on the new allocation, and DNR will experience an overall reduction in costs paid for by the General Fund at this point.



**COLORADO**  
Department of Natural Resources

John W. Hickenlooper  
Governor

Robert Randall  
Executive Director

FY 2017-18 Funding Request | November 1, 2016

**Department Priority: R-05**  
**Request Detail: Capitol Complex Leased Space Cost Allocation**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	General Fund	Cash Funds	Reappropriated Funds
Total Cost of R-05: Capitol Complex Leased Space Cost Allocation	\$0	\$0	\$0	\$0
Capitol Complex Leased Space	\$0	(\$36,709)	\$0	\$36,709
Health, Life, Dental	\$0	\$36,709	\$0	(\$36,709)

**Problem or Opportunity:**

DNR's FY 2016-17 Long Bill appropriation for capitol complex leased space was developed based on a plan in which a 2,194 square foot area at 1313 Sherman St. has its cost attributed to the Division of Water Resources (DWR). It was once the case that the OIT staff occupying this space worked exclusively for DWR, making it appropriate that the space be paid for wholly with DWR funds. The role of the OIT staff members working in this space has evolved over time and they now work on a variety of department-wide issues. Because of this, the cost of this space would be more appropriately shared by other divisions and their respective fund sources. The cost of this space to DWR General Fund in FY 2016-17 will be \$36,709.

**Proposed Solution:**

DNR proposes changing the cost allocation for this space from DWR to the Executive Director's Office (EDO), thereby shifting the cost from primarily General Fund to department indirect cost recoveries.

Department indirect is a mix of cash and federal funds collected from DNR's divisions to fund statewide indirect costs as well as all direct costs associated with operating the DNR Executive Director's Office (not counting the costs of the Colorado Avalanche Information Center). EDO's existing portion of capitol complex leased space is financed through this mechanism; this proposal would increase that amount from 13,191 to 15,385 square feet. In doing so, this cost of approximately \$37,000 will be spread throughout DNR divisions and financed by the cash funds and federal sources that make up each division's indirect cost recoveries. The precise cost of this request is subject to change and will be determined through the common policy figure setting process for Capitol Complex Leased Space.

All DNR overhead, including the proposed addition to capital complex leased space costs if this decision item is approved, is assessed to DNR's divisions in proportion to personnel costs as a percentage of the DNR total. The philosophy behind this allocation methodology is that EDO workload (mostly policy, budget, HR, accounting, and purchasing) is not always attributable to any one program, and personnel costs represent the best available proxy for division activity that drives EDO workload. Because the OIT staff occupying this space now work both for a variety of DNR divisions – and on Department-wide projects – the Department believes it would be appropriate for the Department to pay for this space with indirect cost recoveries. Conversely, the Department believes that it is not equitable for DWR and the General Fund to continue paying for this leased space.

#### ***Anticipated Outcomes:***

Reallocating the expense for this space from DWR to EDO shifts costs within DNR but does not change the total cost to the department. The shift will ultimately result in reduced General Fund spending of approximately \$37,000 per year. This cost will be shifted to the many DNR cash funds and federal sources that comprise DNR's indirect cost recoveries. Because of the methodology for DNR's indirect cost assessment, net General Fund savings will not materialize until FY 2019-20. The Assumptions and Calculations section will provide the full details related to the two-year lag in achieving net General Fund savings.

#### ***Assumptions and Calculations:***

In FY 2017-18, DNR's capitol complex leased space line item will be reduced by about \$37,000 General Fund and correspondingly increased by the same amount in reappropriated funds. This change will not immediately reduce DNR's net General Fund expenditures because the department applies "excess" indirect cost recoveries (indirect cost recoveries in excess of what is needed to pay for departmental and statewide overhead) to offset DWR's share of certain potted items that would otherwise be paid with General Fund. Increasing the amount of department indirect spent on capitol complex leased space will correspondingly decrease excess department indirect cost recoveries that are used for DWR General Fund offset.

Indirect cost recoveries for FY 2017-18 are calculated based on actual costs incurred in FY 2015-16, which is the most recent complete fiscal year at the point in time that the FY 2017-18 budget and FY 2017-18 Indirect Cost Plan are proposed. In FY 2015-16, the space in question was not yet attributed to EDO, so the indirect cost recovery plan for FY 2017-18 did not account for this space when calculating assessments to divisions. Similarly, in FY 2018-19, indirect cost recoveries will be based on FY 2016-17 actual costs, which likewise will not account for this space as an EDO cost.

As such, FY 2019-20 will be the first year in which net General Fund savings will be realized as a result of this proposal. For this year, indirect cost recoveries will be based on FY 2017-18 actual costs. FY 2017-18 would also be the first year that EDO would be paying for this space rather than DWR. In FY 2017-18, EDO capitol complex leased space costs will be approximately \$37,000 higher and so the FY 2019-20 indirect cost assessments would capture this additional amount through higher assessments to Department cash and federal revenue sources. At this time, not only will the DWR General Fund expenditures be lower (which they also would be in FY 2017-18), but the indirect cost recoveries will have increased to account for this space, generating additional "excess indirect" to offset General Fund in DNR's budget.