

Schedule 10
Summary of FY 2014-15 Funding Requests

Department Name: Natural Resources
Submission Date: November 1, 2013
Number of Funding Requests: 6

Priority	Division	IT Request	Request	Requires Legislation?	FTE	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
R-1	Water Resources	No	New Personnel	No	3.7	\$280,203	\$280,203	\$0	\$0	\$0
R-2	Oil & Gas Conservation	No	Additional Legal Service for Enforcement	No	0.0	\$327,888	\$0	\$327,888	\$0	\$0
R-3	Reclamation, Mining, and Safety	No	Coal Regulatory Program Refinance	No	0.0	\$0	\$0	\$352,881	\$0	(\$352,881)
R-4	Colorado Parks & Wildlife	No	CPW Line Item Reorganization	No	0.0	(\$160,000)	\$0	(\$160,000)	\$0	\$0
R-5	Water Resources	No	New Well Rules Vehicles and Equipment	No	0.0	\$29,503	\$29,503	\$0	\$0	\$0
R-6	Executive Director's Office	No	Adjustments to Leased Space	No	0.0	(\$120,158)	\$36,715	(\$158,743)	\$0	\$1,870
					3.7	\$357,436	\$346,421	\$362,026	\$0	(\$351,011)
Non Prioritized Requests										
NP-1	Executive Director's Office	No	Annual Fleet Vehicle Request	No	0.0	\$457,443	(\$61,661)	\$508,008	(\$1,533)	\$12,629
NP-2	Executive Director's Office	Yes	Secure Colorado Phase II	No	0.0	\$202,848	\$28,848	\$165,102	\$4,643	\$4,255
NP-3	Executive Director's Office	Yes	Eliminate Redundant Applications	No	0.0	\$191,134	\$27,182	\$155,567	\$4,375	\$4,010
NP-4	Executive Director's Office	Yes	Capitol Complex Network Resiliency	No	0.0	\$32,654	\$7,109	\$16,664	\$5,569	\$3,312
NP-5	Executive Director's Office	Yes	IT Service Management Ecosystem	No	0.0	\$223,097	\$31,695	\$181,392	\$5,335	\$4,675
NP-6	Executive Director's Office	Yes	DTRS Technical Development	No	0.0	\$241,587	\$0	\$241,587	\$0	\$0
NP-7	Executive Director's Office	Yes	IT Technical Development	No	0.0	\$21,716	\$3,088	\$17,675	\$497	\$456
					0.0	\$1,370,479	\$36,261	\$1,285,995	\$18,886	\$29,337
					3.7	\$1,727,915	\$382,682	\$1,648,021	\$18,886	(\$321,674)
			Grand Total November 1, 2013							

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Cost and FTE

- The Department requests \$280,203 General Fund in FY 2014-15 to fund 3.7 FTE and \$278,374 General Fund to fund 4.0 FTE ongoing for the Division of Water Resources (DWR) to assist in water administration statewide. This represents a 1.6% increase in DWR's FTE and a 1.4% increase to DWR's Water Administration line item.

Current Program

- DWR administers nine interstate compacts and over 170,000 water rights through 45,000 surface water structures and 270,000 groundwater wells in the water administration program.
- DWR maximizes the beneficial use of water in Colorado through intrastate water administration and compliance with interstate compacts. DWR maintains data on water rights and water diversions and monitors water supplies through stream flow measurements and groundwater regulation.

Problem or Opportunity

- DWR faces increasing water right allocation demands caused by new groundwater use rules in the Rio Grande basin, new well metering rules and the need for additional stream flow information in the South Platte River basin, and the need to coordinate data collected statewide by field personnel.

Consequences of Problem

- Without adequate monitoring and administration, water right owners may not receive their entitled amount of water and may lose income, e.g. a 1% error in the distribution of water rights has a monetary impact on state water right owners valued, conservatively, at \$10 million dollars annually.
- Compact operations will not be sufficiently monitored, increasing the risk of compact violations. Previous compact violations on the Arkansas River basin cost Colorado more than \$34 million.

Proposed Solution

- DWR requests 4.0 permanent FTE to administer 6,000 wells operating under seven new groundwater management subdistricts in the Rio Grande basin; to ensure the necessary level of integrity of data required for daily water rights administration and statewide planning models; to measure stream flow through new diversion structures in the South Platte River basin; and to administer new well metering rules affecting 8,000 wells in the South Platte River basin.
- Anticipated outcomes include the ability for water users to optimize their use of water without interfering with other water rights or the administration of interstate compacts.



Cost and FTE

- The Oil and Gas Conservation Commission (OGCC) requests an increase of \$327,888 Cash Funds from the Oil and Gas Conservation and Environmental Response Fund in order to increase legal services to the OGCC by 3,600 hours annually, the equivalent of 2.0 FTE.

Current Program

- The Attorney General's office provides legal advice and support to the Commission and staff of the OGCC on all matters, including hearings, enforcement proceedings, and rulemakings.

Problem or Opportunity

- Oil and gas development in Colorado continues to grow in both volume and in the complexity of development. Colorado's active well count recently topped 50,000 wells, more than double what it was ten years ago, and continues to increase. With OGCC's field staff inspecting a growing number of active wells, the need for legal support in enforcement and other areas continues to grow.
- Since 2006, the Hearings Unit has seen a more than 400% increase in the number of applications submitted to the Commission. Enforcement matters in front of the Commission have increased to a similar degree and are expected to continue increasing in the next several years. In contrast, since 2006, legal support to the OGCC has only increased by 100% (1.0 FTE to 2.0 FTE.)
- Increased public interest in oil and gas development has led to an increase in requests for rulemaking and open record requests, which requires legal assistance and OGCC staff time. Only two attorneys are dedicated to the Commission and workload increases cannot be absorbed.

Consequences of Problem

- The Assistant Attorneys General must prioritize their time to deal with the most pressing, legally complex issues before the Commission, leaving little time for enforcement matters.
- The OGCC's ability to promptly process regulatory and enforcement actions is currently constrained.

Proposed Solution

- Adding two additional Assistant Attorneys General for the support of the Commission is a proportional response to the overall increase in workload driven by oil and gas development.
- Additional Assistant Attorneys General resources will strengthen the agency's enforcement process, allowing more timely enforcement of rule violations. Further, this request will provide more resources to support rulemakings, hearings, and other public matters before the Commission.
- Effective legal support is vital to the operation of the OGCC and the regulation of oil and gas development. Legal advice from the Assistant Attorneys General informs the Commission's actions and has a direct impact on the operations and actions of the Commission.



COLORADO

Department of Natural Resources

Priority: R-3
Division of Reclamation, Mining, and Safety
Coal Regulatory Program Refinancing
FY 2014-15 Change Request

Cost and FTE

- The Division of Reclamation, Mining, and Safety Coal Program requests an ongoing net-zero funding source adjustment to replace \$352,881 of federal funds with severance tax revenue due to federal budget reductions.

Current Program

- The Coal Program is responsible for permitting and regulating coal mines in order to protect public health and safety and to ensure reclamation of surface acreage. These services benefit the general public, coal mine operators and other government agencies.
- Current funding for the program is 79% Federal Funds and 21% Cash Funds.
- The coal sites cover 185,515 acres, primarily located in western Colorado: nine active sites, 29 non-producing or in reclamation, one sorting facility, and 83 exploration sites.

Problem or Opportunity

- Federal grant funds from Office of Surface Mining (OSM) are projected to be reduced in FY 2014-15 due to impacts of federal sequestration. A final grant amount may be known by April 2014.

Consequences of Problem

- If this reduction in federal funding is not replaced, 3.5-4.0 FTE (18% of total program FTE) would be reduced along with associated travel/operational costs. This will result in a reduced capacity of approximately 72 permitting actions, 158 inspections and two enforcement actions per year.
- Decreased staffing levels will cause permitting action delays that will impact mine expansions/production and local economies; less frequent inspections will increase the risk of environmental damages such as water pollution and mine waste pile failure impacting public roadways/streams.
- Colorado was delegated regulatory authority in 1980 from the Department of the Interior, which ensures effective coordination between the program, mine operators, and local communities. This has resulted in a compliance record of 98% by the mine operators. Significant decline in the state's regulatory capability may cause this authority to be challenged. State primacy is also required to receive \$7.7 million in federal funds for safeguarding abandoned mine openings.

Proposed Solution

- Maintain current staffing levels and regulatory integrity by increasing severance tax revenue to cover a federal funds reduction. The coal industry pays severance taxes, thus it is a relevant revenue option. Similar refinancing has occurred in eight prior fiscal years ranging from \$33,000 to \$240,000.



Cost and FTE

- This request is to reorganize the Colorado Parks and Wildlife (CPW) Long Bill line item structure to reflect the Division's new organization structure, which changed as a result of the former Divisions of State Parks and Wildlife being merged under S.B. 11-208. The request includes the elimination of the Wildlife Commission Discretionary Fund line item, resulting in decreased appropriations of \$160,000 cash funds. The request does not impact FTE levels.

Current Program

- Colorado Parks and Wildlife serves residents and visitors alike by supporting a wide range of outdoor recreational activities including hunting, fishing, wildlife viewing, and trail use both in and outside of the 42 state parks operated by the division. For FY 2013-14 CPW was appropriated a total budget of \$135,672,343 and 886.5 FTE. The Division's current Long Bill line item structure drives CPW's fund/appropriation structure and impacts fiscal management at all levels.

Problem or Opportunity

- The former Divisions of Parks and Wildlife were merged into Colorado Parks and Wildlife in 2011. No changes were made to the new agency's Long Bill line item structure at that time. CPW's 25 current line items are the same lines that existed in the two agencies prior to the merger.

Consequences of Problem

- The current CPW Long Bill line item structure does not accurately reflect the merged agency's new organizational structure.
- CPW's FY 2013-14 Long Bill contains redundant line items, including two line items for Information Technology, two for Aquatic Nuisance Species, and two for Indirect Cost Assessment.
- Reporting related to line items and organizational units which no longer exist is potentially inaccurate or misleading.

Proposed Solution

- CPW proposes reorganizing its current 25 line items into a new structure of 18 line items.
- CPW will utilize its existing automated budget system division-wide to ensure transparency and detailed reporting capabilities are maintained under the new Long Bill structure.
- The Discretionary Fund line item has proven to be unnecessary and will be eliminated. CPW will not seek to recover this \$160,000 in spending authority in another line item.



COLORADO

Department of Natural Resources

Priority: R-5
Division of Water Resources - New Well Rules
Vehicles and Equipment
FY 2014-15 Change Request

Cost and FTE

- The Division of Water Resources (“DWR”) requests \$29,503 General Fund in FY 2014-15 and \$39,010 ongoing General Fund for FY 2015-16 and beyond for three trucks and one set of well measuring equipment for the South Platte well measurement and enforcement team (“Team”). All three vehicles will be bi-fuel with the capability to use compressed natural gas (CNG).
- This represents a 0.15% increase to the Water Administration line item.

Current Program

- The Team consists of 4.0 field staff (well commissioners) at the Engineering Physical Scientist Technician level (I and II). The Team uses well measurement equipment to investigate, measure, ensure compliance, and calibrate flow meters pursuant to the South Platte Measurement Rules (“Rules”), which were promulgated in March 2013 and become effective December 31, 2013.
- Vehicles are needed to store and transport well measuring equipment used to administer and to enforce 8,000 high capacity wells within the scope of the Rules.

Problem or Opportunity

- The Team does not have state-owned vehicles needed to carry equipment to field test sites. The use of state-owned vehicles not specifically designated for well testing use has been attempted as an alternative; however, this was unsuccessful because equipment had to be loaded and unloaded at a secured location at day’s end, every day of field use. This loading and unloading takes five to ten hours per week equating to a loss of between \$30,000 and \$60,000 in staff time annually.
- Private vehicles have neither the capability to store, transport, and protect state-owned equipment nor have the insurance to cover loss or damage in the event of an accident.
- Well measurement equipment is required for enforcement of the Rules and is not available elsewhere within the agency.

Consequences of Problem

- Without the use of appropriate state-owned vehicles, there is a loss of employee productivity, higher mileage costs, additional recalibration of equipment, and an increased risk of equipment damage.
- Without well measurement equipment, the Team cannot perform spot measurements and test flow meters, required as part of the Rules.

Proposed Solution

- To better administer and enforce 8,000 high capacity wells in the South Platte River basin, DWR requests three 4WD pickup trucks, with toppers, and one set of well measuring equipment. The vehicles and equipment will provide the necessary transportation, carrying capacity, and tools for the South Platte well measurement and enforcement team to implement and enforce the new Rules.



COLORADO

Department of Natural Resources

Priority: R-6
Adjustments to Leased Space
FY 2014-15 Change Request

Cost and FTE

- The Executive Director's Office of the Department of Natural Resources ("DNR") requests a reduction to its Leased Space line item for FY 2014-15 totaling \$120,158. The request includes an increase of \$36,715 General Fund, a reduction of \$158,743 cash funds, and an increase of \$1,870 federal funds. The net increase in General Fund is a 7% increase to DNR's General Fund base leased space appropriation.

Current Program

- DNR manages 47 separate leases to operate district and field offices, storage, and parking. Lease funding helps the Department better manage field staff as well as improve relationships and outreach with various customers and interested parties. DNR Divisions such as the State Land Board and Division of Water Resources ("DWR") have a statutory obligation to maintain offices in certain parts of the state.

Problem or Opportunity

- To continue to operate its existing field offices and to increase budgetary transparency, DNR requests a net increase of General Fund in FY 2014-15 to its leased space line item.
- The increase in General Fund primarily consists of contractual cost escalators built into existing leases and renewals of DWR district offices. Further, the percentage of DWR's staff funded through cash funds was reduced from 4.77 percent in FY 2013-14 to 2.70 percent in FY 2014-15 due to lower cash fund revenues, resulting in an increase in the proportion of the leases funded through the General Fund rather than through cash funds.

Consequences of Problem

- Without approval of the General Fund increase, the Department could be forced to reduce the amount of leased space available for programmatic operations and consequently, could reduce services to the public, especially those living in rural areas. Additionally, DWR would be unable to uphold its statutory obligation to maintain offices in certain river basins within the state.

Proposed Solution

- If approved, this Change Request will allow the Department to "true up" its leased space expenditures and ensure that departmental leases for office space, parking, and storage are funded out of the Leased Space line item. This is an annual request to justify, on a lease by lease basis, the total requested appropriation for the Leased Space line item.