GOVERNOR'S OFFICE

Office of State Planning and Budgeting

FY 2008-09
Executive Department
Supplemental Figure Setting
Comebacks

February 3, 2009

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Summary of FY 2008-09 Supplemental Figure Setting Comebacks

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2	Natural Resources	Eliminate FTE and Reduce Appropriation for the Oil and Gas Conservation Commission	6

Office of State Planning and Budgeting
Comeback Requests

Department:	Human Services
OSPB Comeback Priority Number:	1
Original Department Priority Number:	N/A – This was JBC Staff-initiated Supplemental
Change Request Title:	Removal of General Fund and FTE from the Mental Health Institute Appropriation

SELECT ONE:

☐Decision Item FY 2009-10
☐Base Reduction Item FY 2009-10
☒Supplemental Request FY 2008-09
☐Budget Request Amendment FY 2009-10

	FY 2008-09 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Total All Lines	$136,446,244	$0	$0	$0	$0
FTE	1,259.6	0.0	(3.5)	0.0	3.5
GF	$110,162,782	$0	$0	$0	$0
CF	$10,477,550	$0	$0	$0	$0
RF	$9,572,343	$0	$0	$0	$0
FF	$6,233,569	$0	$0	$0	$0
(8) (C) Mental Health Institutes	$94,767,339	$0	($331,535)	$0	$331,535
FTE	1,259.6	0.0	(3.5)	0.0	3.5
GF	$74,879,355	$0	($331,535)	$0	$331,535
CF	$10,477,550	$0	$0	$0	$0
RF	$9,410,434	$0	$0	$0	$0
FF		$0	$0	$0	$0
(8) (B) Mental Health Services for the Medically Indigent – Services for 10,296 Indigent Mentally Ill Clients	$41,678,905	$0	$331,535	$0	($331,535)
FTE	0.0	0.0	0.0	0.0	0.0
GF	$35,283,427	$0	$331,535	$0	($331,535)
CF	$0	$0	$0	$0	$0
CFE	$161,909	$0	$0	$0	$0
FF	$6,233,569	$0	$0	$0	$0

Summary of Initial Request:

The FY 2008-09 Mental Health Institute appropriation includes $331,535 General Fund and 3.5 FTE for the Colorado Mental Health Institute at Pueblo (CMHIP) Forensic Community Based Services (FCBS) program. These funds were initially appropriated in response to a FY 2007-08 supplemental request (S-1) submitted by the Department. The original supplemental request was to provide the staff and operating funds needed to adequately assess and monitor 152 Not Guilty by Reason of Insanity (NGRI) outpatients residing in Colorado communities. The request was in response to the need for increased coordination, communication and collaboration between the Colorado Mental Health Institute at Pueblo and the Community Mental Health Centers.

Committee Action:

On January 29, 2009, the Committee voted to remove $331,535 General Fund and 3.5 FTE from the Institute appropriation. The Committee action was based on information provided by the JBC staff indicating the Department has not implemented the services for which these funds were appropriated.

OSPB Comeback:

Of the 3.5 FTE appropriated to improve the monitoring of Not Guilty by Reason of Insanity (NGRI) patients in the community, 2.5 FTE have been hired and are performing the duties presented in the Department's supplemental request for FY 2007-08. The status of the 3.5 requested FTE is listed below:

- 1.0 FTE Police Officer II – This position at CMHIP assists and protects FCBS staff when transporting and searching NGRI outpatients. This position was filled on June 1, 2008.
- 1.5 FTE Psychologist – These positions provide risk assessment and quarterly and ad hoc training for clinical staff of the seventeen centers. 1.0 FTE was filled on January 15, 2009. The original hire subsequently resigned and moved out of state. The Department is continuing to recruit for the additional 0.5 FTE.
- 1.0 FTE Health Professional V – The position acts as the case manager to monitor outstanding court, treatment and risk issues related to 90 to 100 conditionally released NGRI patients followed by the mental health centers. The hiring of this position was initially delayed, however, the Department recently proceeded to fill this position and it is expected to be filled in the next six weeks. The FCBS program manager has been covering these case manager duties until the position is filled. The manager made 65 visits to community mental health centers and CCBs throughout the State in calendar year 2008 and is also preparing annual reports to the courts for each FCBS client.
- In addition to regular FTE, the Department hired a 0.5 time (contract) psychiatrist position on July 1, 2008. This contract position provides ongoing, expert risk assessments for all pending NGRI outpatients at CMHIP and across the State.

The 3.5 FTE and funding included in the original request was not requested or intended to be allocated to the mental health centers as indicated to the Committee on January 29, 2009. The Department's original request indicates these staff are to provide services to meet the Department's statutory responsibility to provide care and treatment for NGRI patients residing in the community.

The full legal responsibility for NGRI clients residing in the community is, by law, assigned to the Department. For some clients living in the community, the Department retains legal custody of the person. For others, they have been released from the Department's legal custody, but the Department has the statutory obligation to monitor their conduct and mental condition; to report problem behavior to the court; and to petition the court for a formal return the patient to the Department's physical custody when necessary. Persons who are not eligible for mental health center services, as well as some high-risk patients who have been flagged by the court, are provided psychiatric care directly by the Department's FCBS staff.

The Department does not recall being contacted regarding the status of the positions or the work being done by these positions. The Department will provide any further information requested from the Committee.

OSPB is requesting that the committee revise its action and restore the 3.5 FTE and $331,535 to the Mental Health Institutes line item.

Office of State Planning and Budgeting
Comeback Requests

Department:	Department of Natural Resources
OSPB Comeback Priority Number:	2
Original Department Priority Number:	N/A – This was JBC Staff-initiated Supplemental
Change Request Title:	Eliminate FTE and Reduce Appropriation for the Oil and Gas Conservation Commission

SELECT ONE:

☐ Decision Item FY 09-10
☐ Base Reduction Item FY 09-10
☒ Supplemental Request FY 08-09
☐ Budget Request Amendment FY 09-10

	FY 2008-09 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Total of All Lines	$17,190,865	$0	($920,115)	($800,000)	$120,115
FTE	76.0	0.0	(7.2)	0.0	7.2
GF	$2,271,104	$0	$0	$0	$0
CF	$13,885,341	$0	($920,115)	($800,000)	$120,115
RF	$298,442	$0	$0	$0	$0
FF	$735,978	$0	$0	$0	$0
OGCC Program Costs	$6,355,411	$0	($820,115)	($679,000)	$141,115
FTE	74.0	0.0	(7.2)	0.0	7.2
CF	$6,355,411	$0	($820,115)	($679,000)	$141,115
Executive Director's Office Vehicle Lease	$2,561,870	$0	$0	($10,000)	($10,000)
GF	365,018	$0	$0	$0	$0
CF	2,126,719	$0	$0	($10,000)	($10,000)
FF	70,133	$0	$0	$0	$0
Executive Director's Office Short Term Disability	$131,569	$0	$0	($1,000)	($1,000)
GF	28,010	$0	$0	$0	$0
CF	87,750	$0	$0	($1,000)	($1,000)
RF	5,607	$0	$0	$0	$0
FF	10,202	$0	$0	$0	$0
Executive Director's Office Health Life Dental	$8,142,015	$0	($100,000)	($110,000)	($10,000)
GF	$1,878,076	$0	$0	$0	$0
CF	$5,315,461	$0	($100,000)	($110,000)	(10,000)
RF	$292,835	$0	$0	$0	$0
FF	$655,643	$0	$0	$0	$0

Summary of Initial Request:

The request was initiated by JBC staff at the Department's January 28, 2009 supplemental figure setting. JBC staff recommended a one-time reduction of $800,000 from the Oil and Gas Conservation Commission's (OGCC) FY 2008-09 Program Costs line item. The reduction represented the vacancy savings generated by the delay in hiring the 21.0 new FTE that were appropriated for FY 2008-09. JBC staff also indicated that the proposed reduction is equivalent to 7.2 FTE.

Committee Action:

Due to the OGCC's delay in filling new positions and the recent downturn in oil and gas industry activity, the Committee voted to permanently eliminate 7.2 FTE and reduce the OGCC's FY 2008-09 Program Cost line item by $800,000 plus the amount equivalent to hiring these 7.2 FTE in the latter part of FY 2008-09. JBC staff was instructed by the Committee to calculate the exact figures that would be associated with the 7.2 FTE in FY 2008-09 and FY 2009-10 and to deduct that amount from the FY 2008-09 budget and the FY 2009-10 request.

Department Comeback:

The OGCC's delay in hiring 19.0 FTE is directly related to the agency's unrelenting workload. The agency recently completed the most comprehensive rulemaking in the State's history, which, in total, consumed thousands of staff hours. This extraordinarily challenging year included 150 hours of technical work group meetings, the review of thousands of pages of public comment, the preparation of written testimony and exhibits, and 24 days of public and party hearings. In addition, OGCC staff also:

- Reviewed and approved 8,027 drilling permits, a 26% increase over CY 2007's record breaking year;
- Responded to 223 oil and gas related complaints;
- Conducted over 9,000 inspections;
- Completed 112 remediation projects; and
- Issued 304 Notices of Alleged Violations.

The agency also developed and implemented new policies and permit requirements to address environmental, as well as health and safety, issues associated with oil and gas development near the former Project Rulison nuclear blast site, the Roan Plateau, and an area near prior methane seepage in Huerfano County. Many OGCC staff members worked evenings and weekends to accomplish these tasks, while pursuing, as time permitted, the development of Position Description Questionnaires (PDQs) for the new FTE. These PDQs took more weeks than expected, due to limited staff time and the evolving responsibilities of the new positions, which, to some degree, depended on the outcome of the new rules. Finally, filling the new positions was further delayed by the State's hiring freeze and the loss, to industry, of two key hiring supervisors, whose vacated positions were also impacted by the hiring freeze.

Penalizing the agency because it was unable to fill vacant positions in a timely manner, due to its focus on the rulemaking, would be problematic for the State, the oil and gas industry, local governments, and the general public, all of whom depend on the services provided by the OGCC. Regardless of the anticipated downturn in industry activity caused by a nation-wide recession and weakened commodity prices, projected workload far exceeds the agency's capacity. As a comparison, the Bureau of Land Management (BLM) employed approximately 100 FTE in Colorado in 2008 to process about 800 drilling permits, while the OGCC employed an average of 53 FTE to process over 8,000 drilling permits and oversee 37,000 active wells. The BLM is directly responsible, from an inspection standpoint, for only about 11% of these wells. In addition, Colorado's current wells-per-inspector ratio of about 3,400 more than doubles a recent national average of approximately 1,600 wells per inspector.

For January 2009, the number of permits processed are about 10% lower than January 2008's figure, but staff has also begun working with operators on Comprehensive Drilling Plans under the amended rules. Moreover, the number of permits requested is only part of the picture. The active well count continues to grow on a daily basis. Each new well will generate hundreds of regulatory reports over its lifetime. Each well will also require routine on-site inspections, at a minimum. Some of these new wells will ultimately be orphaned and need to be plugged and abandoned with State funds. These situations can be minimized by timely review of regulatory reports, inspection of well sites, and maintenance of adequate financial assurance.

The 7.2 FTE eliminated by the Committee's action are as follows:

- 2.0 Environmental Inspectors (Environmental Protection Specialist Is)
- 1.0 Location Specialist (Environmental Protection Specialist II)
- 1.0 Environmental Technician (Engineering Physical Science Tech II)
- 1.0 GIS Administrator (Physical Scientist Research Scientist III)
- 1.0 Application Programmer (IT Professional II)
- 1.0 Permit/Compliance Technician (Engineering Physical Science Tech II)
- 0.2 Bond Administrator (Program Assistant I)

The Department recommends reducing its FY 2008-09 appropriation by a total of $800,000 ($679,000 OGCC Program Costs, $10,000 Vehicle Lease, $1,000 Short Term Disability, and $110,000 Health, Life, and Dental) and restoring all 7.2 FTE to the fiscal years 2008-09 and 2009-10 budgets. Not doing so will cause further delays in processing new drilling permits and conducting interim reclamation inspections, as existing staff is redirected to ensure the protection of the public's health, safety and welfare, the environment, and wildlife, as required by statute.

GOVERNOR'S OFFICE

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FY 2008-09
Executive Department
Supplemental Figure Setting
Comebacks

February 4, 2009

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Summary of FY 2008-09 Supplemental Figure Setting Comebacks

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Office of State Planning and Budgeting
Comeback Requests

Department:	Department of Regulatory Agencies
OSPB Comeback Priority Number:	
Original Department Priority Number:	S-1
Change Request Title:	Funding for Statutorily Required Examination Travel

SELECT ONE:

☐ Decision Item FY 09-10
☐ Base Reduction Item FY 09-10
☒ Supplemental Request FY 08-09
☐ Budget Request Amendment FY 09-10

(5) Division of Financial Services – Operating Expenses	FY 2008-09 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Total	**$81,671**	**$45,592**	**$29,849**	**$45,592**	**$15,743**
CF	$81,671	$45,592	$29,849	$45,592	$15,743

Summary of Initial Request:

In response to escalating travel expenditures due to additional examiners traveling, additional examinations, and contacts required due to the declining economy and increases in the mileage reimbursement rate, the Department requested $45,592 cash funds in FY 2008-09 and FY 2009-10 in order to meet required in-state travel costs associated with statutorily mandated financial examinations performed by the Division of Financial Services.

Committee Action:

The Committee approved an increase of $29,849 cash funds, but did not approve the remaining $15,743 based on JBC Staff's recommendation that interim visitations are not explicitly required by statute.

Department Comeback:

Base travel funding, which is already the majority of the staff's $82,000 operating budget, is a necessity for meeting the statutory duties of the Division of Financial Services. The Division of Financial Services cannot fully perform its mission of supervising credit unions and savings and loans without this base funding. The JBC approved $29,849 of the total $45,592 request. The unfunded portion of $15,743 is related to risk based visitations, previously referred to as interim visitations in the original request. These visits are as critical as the regular full-scope exams as they represent risk-based follow up for institutions that were not highly rated on previous examinations. These risk based examinations require examiners to physically visit institutions and evaluate liquidity and loan portfolios. In this way, such visits are as essential as the regular full-scope examinations for healthy institutions, if the public is to be protected at this critical time when the economy poses serious risks to the solvency of financial institutions. Viewed in this light, there is no more important time than right now to see to it that the existing Division staff ($1.0 million and 13.0 FTE personal services) has the resources to perform their jobs on-site at credit unions and savings and loans throughout the state.

Office of State Planning and Budgeting
Comeback Requests

Department:	Governor
OSPB Comeback Priority Number:	
Original Department Priority Number:	N/A – This was JBC Staff-initiated Transfer
Change Request Title:	Transfer from the Clean Energy Fund

SELECT ONE:

☐Decision Item FY 2009-10
☐Base Reduction Item FY 2009-10
☒Supplemental Request FY 2008-09
☐Budget Request Amendment FY 2009-10

	Request	**JBC Action**	**Comeback Request**	**Difference between Action and Comeback Request**
Clean Energy Fund	$0	($4,000,000)	$0	$4,000,000

Summary of Initial Request:

The Governor did not propose any transfer from the Clean Energy Cash Fund to the General Fund.

Committee Action:

The JBC approved a transfer of $4,000,000 cash funds transfer from the Clean Energy Fund to the General Fund in FY 2008-09.

OSPB Comeback:

Colorado has been a leader in energizing the economy through investments in the emerging industries of renewable energy and energy efficiency. That effort has been tremendously successful. Currently, with 1.7% of the country's economy, Colorado has captured 5% of the renewable energy industry economy. Colorado's model is being used for the nation in driving a stimulus for economic development. Unfortunately, the committee action would reduce one of the shining examples of economic success within the state.

Part of the money being swept from the Clean Energy Fund (CEF) includes commitments to Vestas and Siemens which has driven the development of nearly 3,000 jobs for Colorado and a beach-head for wind manufacturing to locate in Colorado. *These commitments were made last year, but are only now under contract negotiations – therefore they show up in the state COFRs system as "non-obligated"*. However, our commitment to these companies cannot be undone without a dramatic impact to our ability to attract companies and jobs to Colorado and devastation of our credibility within the private sector.

Furthermore, the Governor's Energy Office expectation is that next year's appropriation to the Clean Energy Fund will be $0 and is making efforts to manage this year's $8.2M budget last for two years. This is also within the context of a 50% cut to the solar rebate program. The Office has not yet identified all of the changes related to this budget, but is committed to reducing to the greatest extent feasible so that we may continue to offer programs and incentives to Coloradans and drive job creation within the energy efficiency and renewable energy sectors throughout Colorado.

Under current funding scenarios, there will be $0 going into the CEF in 2009-10. A sweeping of funds from the CEF will effectively eliminate the energy office on July 1 and turn back the clock on the economic development we have been able to stimulate even during a recession.

The table below provides a snapshot of the Energy Office programs, their purpose, and FY 2008-09 funding. Again, as the expectation is that the Clean Energy Fund may receive $0 for FY 2009-10, the Office is trying to make this year's funding last for two years.

Category	Purposes include	FY 2008-09 Budget
Small Hydro	Feasibility studies, workshops, workgroups	$155,000
Geothermal	Water rights, regulations, resource assessments	$290,000
Colorado Carbon Fund	The Climate Trust Contract	$373,000
Greening Gov	Public transit grants, hybrid grants, energy and water efficiency	$315,250
Utilities	PUC Intervention, renewable and transmission projects	$177,000
Local Fuels Bio Fuels	Biofuels, biomass, AD Project Fund	$845,500
Residential	Insulate Colorado, ENERGY Star new homes, high performance homes	$1,330,000
Wind	Small Wind incentives	$347,250
Public Info	NEE Education campaign, events	$419,150
Admin	SEP match, memberships, operating	$316,688
Residential Solar Program	SIG Implementation, Program administration	$365,000
Commercial Buildings	Performance contracting, Distributed Generation in PCs	$545,000
Industrial Program	Third party consultant, program management	$105,000
Regional Representative	Salaries	$310,000
Econ Dev	Small grants, technology transfer	$2,250,000
		$8,143,838

Office of State Planning and Budgeting
Comeback Requests

Department:	Governor
OSPB Comeback Priority Number:	
Original Department Priority Number:	N/A – This was JBC Staff-initiated Transfer
Change Request Title:	Transfer from Bioscience Discovery Evaluation Cash Fund

SELECT ONE:
☐Decision Item FY 09-10
☐Base Reduction Item FY 09-10
☒Supplemental Request FY 08-09
☐Budget Request Amendment FY 09-10

	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Bioscience Discovery Evaluation Cash Fund	$0	($1,500,000)	$0	$1,500,000

Summary of Initial Request:

The Governor did not propose any transfer from the Bioscience Discovery Evaluation Cash Fund to the General Fund.

Committee Action:

The JBC approved a transfer of $1,500,000 cash funds transfer from the Bioscience Discovery Evaluation Cash Fund to the General Fund in FY 2008-09.

OSPB Comeback:

The table below is a list of projects for which the Office of Economic Development and International Trade is working on making formal commitments. *These commitments have been made, but are only now under contract negotiations – therefore they show up in the state COFRs system as "non-obligated"*. We are in the process of drafting contracts for these projects.

For the infrastructure projects, we are working with the recipients to approve specific uses of these funds and the timing needed for these uses. In addition, the Office previously published three additional competitive application cycles for these funds—one in February, April and May. It is expected to solicit a number of additional applications shortly. Therefore, The Office is requesting the JBC to not use the existing cash fund balances in this program for other purposes.

The table below shows the multi-year commitments made with existing and anticipated funds.

Grant Types - Recipients	Sum of Amount
Early-Stage Company	**1,467,600**
Advanced MicroLabs	120,837
ApopLogic	150,000
BioAMPS International	100,000
EndoShape	200,500
Hiberna Corp	247,500
Illumasonix	248,763
QGenta	150,000
Sierra Neuro Pharmaceuticals	250,000
Infrastructure	**12,200,000**
CSU	2,500,000
CU	4,700,000
CU/CSU	5,000,000
Proof of Concept	**1,712,490**
Bonfils	75,000
CSU	100,000
CU	1,040,593
Mines	108,490
NJH	156,750
University of Denver	231,657
SBIR/STTR	**90,500**
BlueSun	90,500
Grand Total	**15,470,590**

Office of State Planning and Budgeting
Comeback Requests

Department:	Department of Natural Resources, Colorado Division of Water Resources
OSPB Comeback Priority Number:	
Original Department Priority Number:	S-16
Change Request Title:	Refinance Satellite Monitoring System

SELECT ONE:

☐Decision Item FY 09-10
☐Base Reduction Item FY 09-10
X Supplemental Request FY 08-09
☐Budget Request Amendment FY 09-10

	FY 2008-09 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Total – Satellite Monitoring System	$369,049	$0	$0	$0	$0
FTE	2.0	0.0	0.0	0.0	0.0
GF	$254,160	($48,000)	($198,625)	($48,000)	$150,625
CF	$114,889	$48,000	$198,625	$48,000	($150,625)
CFE	$0	$0	$0	$0	$0
FF	$0	$0	$0	$0	$0

Summary of Initial Request:

The Colorado Division of Water Resources requested a one-time refinance of $48,000 General Fund in the Division's Satellite Monitoring System line item with an equal amount of cash reserves in the Satellite Monitoring System Cash Fund.

Committee Action:

JBC Staff recommended a refinance of $198,625 General Fund in the Division's Satellite Monitoring System line item with an equal amount of cash reserves in the Satellite Monitoring System Cash Fund. The Joint Budget Committee approved the staff recommendation.

Department Comeback:

There are two sources of revenue for the Satellite Monitoring Cash Fund: An appropriation under the CWCB special projects bill and receipt of fee revenue for publication of water information and selected maintenance of satellite monitoring gauges.

On the spending side, there are two major sources of expenditures. First, funding is needed for 2.0 FTE, as well as associated travel and operating expenses. These costs are direct program costs and are funded with a mix of General Fund and fee revenues. The second type of expense, funded by the CWCB special projects bill, is incurred for renovation of existing gauging stations, replacement of outdated collection platforms and upgrade of transmission components, as well as completion of gauge flood hardening projects and data collection efforts related to flood forecasting and warning. The projects bill specifies, statutorily, that monies shall only be expended for the capital purposes described above (see Section 3 of H.B. 08-1346). Hence, only the portion of the cash reserve derived from fees is available to offset General Fund expenses without a change in statute.

The Department's budget request projected an "excess" uncommitted fee reserve balance (that is, the balance in excess of the allowable 16.5 percent reserve) related to fees at the end of FY 2008-09 of $0. The uncommitted fee reserve balance for this fund is projected to be $67,567. The manager of the program has estimated that he has already spent a little less than $20,000 of the uncommitted fee reserve balance. Thus, the Department recommended a refinance of $48,000 ($67,567 less $19,567). The Department hesitated to commit reserves when there was no "excess" available from fees, however, this alternative was preferable to other alternatives under consideration, such as further mileage restrictions for Water Commissioners.

To implement the decision to refinance $198,625 General Fund with reserves effectively commits funds from the CWCB special projects bill to pay salaries and routine operating expenses for the Satellite Monitoring program, in violation of statute. These reserves are currently part of the existing appropriation for capital projects. The capital appropriation for the current year is $446,257 which includes $350,000 from the 2008 special projects bill and $96,257 in carry-over spending authority from previous years.

Implementation of the current action generates a negative fund balance of $50,632 for the Satellite Monitoring Cash Fund by year-end. The table below documents that condition.

Satellite Monitoring Fund Projected Cash Flow

FY 2008-09 Beginning Fund Balance		$194,008
Cash Revenue		
Anticipated Fee Revenue	$155,000	
Special Projects Bill Revenue	$350,000	
Total Revenue		$505,000
Cash Expenditures		
Satellite Monitoring System	($116,039)	
Indirect Cost	($1,381)	
Vehicle Lease	($3,674)	
Special Projects	($429,921)	
Refinance		
Total Expenses		($551,015)
Refinance		
Refinance General Fund		($198,625)
Ending Fund Balance		($50,632)

A prudent implementation of the approved action would reduce capital project spending by at least $100,632. That would allow for a minimal cash reserve balance at year-end of $50,000. In addition, the refinance of General Fund salaries will generate a cash expense of approximately $12,000 in June. The previous use of General Funds, exclusively, to pay salaries resulted in no salary expense for June, given the pay-date change legislation. Consequently, a total expenditure reduction in excess of $112,000 is required.

The most immediate effect of budget reductions of this magnitude is adverse impact to five flood hardening projects that cannot be completed this year. Lack of adequate funding will result in reduced data accuracy and potential loss of gauge equipment during the high flow runoff period this spring. Loss of data reporting at these gauges will mean no early warning of high flow conditions and potential loss of life and property due to lack of knowledge of impending flooding conditions. The agency will also be prevented from installing federally mandated upgrades to data transmission facilities and would cancel 75% of gauge refurbishment projects designed to improve data accuracy, reliability, and safety of operation and guard against failure of gauges critical for intrastate water administration and interstate compact compliance.

Due to statutory restrictions, implementation of the JBC Staff recommendation would likely require the laying off of 1.0 FTE out of the 2.0 FTE funded from this line item. To prevent this unfortunate and unintended impact, the Department requests that the JBC reconsider the decision to refinance the Satellite Monitoring line with $198,625 CF, and implement the original proposal to use $48,000 in cash funds to refinance General Fund.

Office of State Planning and Budgeting
Comeback Requests

Department:	Department of Natural Resources
OSPB Comeback Priority Number:	
Original Department Priority Number:	NA – This was JBC Staff-initiated Transfer
Change Request Title:	JBC Staff Initiated Supplemental for the OGCC

SELECT ONE:

☐ Decision Item FY 09-10
☐ Base Reduction Item FY 09-10
☒ Supplemental Request FY 08-09
☐ Budget Request Amendment FY 09-10

	FY 2008-09 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
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CF	$13,885,341	0	($920,115)	($800,000)	$120,115
RF	$298,442	0	0	0	0
FF	$735,978	0	0	0	0
OGCC Program. Costs	**$6,355,411**	**$0**	**($820,115)**	**($679,000)**	**$141,115**
FTE	74.0	0.0	(7.2)	(3.0)	4.2
CF	$6,355,411	0	($820,115)	($679,000)	$141,115
Exec. Dir. Office Vehicle Lease	**$2,561,870**	**$0**	**$0**	**($10,000)**	**($10,000)**
GF	365,018	0	0	0	0
CF	2,126,719	0	0	(10,000)	(10,000)
FF	70,133	0	0	0	0
Exec. Dir. Office STD	**$131,569**	**$0**	**$0**	**($1,000)**	**($1,000)**
GF	28,010	0	0	0	0
CF	87,750	0	0	(1,000)	(1,000)
RF	5,607	0	0	0	0
FF	10,202	0	0	0	0
Exec. Dir. Office HLD	**$8,142,015**	**$0**	**($100,000)**	**($110,000)**	**($10,000)**
GF	$1,878,076	0	0	0	0
CF	$5,315,461	0	($100,000)	($110,000)	(10,000)
RF	$292,835	0	0	0	0
FF	$655,643	0	0	0	0

Summary of Initial Request:

The request was initiated by JBC staff at the Department's January 28, 2009 supplemental hearing. JBC staff recommended a one-time reduction of $800,000 from the Oil and Gas Conservation Commission's (OGCC) FY 2008-09 Program Costs line item. The reduction represented the vacancy savings generated by the delay in hiring the 21.0 new FTE that were appropriated for FY 2008-09. JBC staff also indicated that the proposed reduction is equivalent to 7.2 FTE.

Committee Action:

Due to the OGCC's delay in filling new positions and the recent downturn in oil and gas industry activity, the Committee voted to permanently eliminate 7.2 FTE and reduce the OGCC's FY 2008-09 Program Cost line item by $800,000 plus the amount equivalent to hiring these 7.2 FTE in the latter part of FY 2008-09. JBC staff was instructed to calculate the exact figures that would be associated with the 7.2 FTE in FY 2008-09 and FY 2009-10 and to deduct that amount from FY 2008-09's budget and FY 2009-10's request.

Department Comeback:

The OGCC's delay in hiring 19.0 FTE is directly related to the agency's unrelenting workload. The agency recently completed the most comprehensive rulemaking in the State's history, which, in total, consumed thousands of staff hours. This extraordinarily challenging year included 150 hours of technical work group meetings, the review of thousands of pages of public comment, the preparation of written testimony and exhibits, and 24 days of public and party hearings. In addition, OGCC staff also:

- Reviewed and approved 8,027 drilling permits, a 26% increase over CY 2007's record breaking year;
- Responded to 223 oil and gas related complaints;
- Conducted over 9,000 inspections;
- Completed 112 remediation projects; and
- Issued 304 Notices of Alleged Violations.

The agency also developed and implemented new policies and permit requirements to address environmental, as well as health and safety, issues associated with oil and gas development near the former Project Rulison nuclear blast site, the Roan Plateau, and an area near prior methane seepage in Huerfano County. Many OGCC staff members worked evenings and weekends to accomplish these tasks, while pursuing, as time permitted, the development of Position Description Questionnaires (PDQ's) for the new FTE. These PDQ's took many more weeks than expected, due to limited staff time and the evolving responsibilities of the new positions, which, to some degree, depended on the outcome of the new rules. Finally, filling the new positions was further delayed by the State's hiring freeze and the loss, to industry, of two key hiring supervisors, whose vacated positions were also impacted by the hiring freeze.

Penalizing the agency because it was unable to fill vacant positions in a timely manner, due to its focus on the rulemaking, would be problematic for the State, the oil and gas industry, local governments, and the general public, all of whom depend on the services provided by the OGCC. Regardless of the anticipated downturn in industry activity caused by a nation-wide recession and weakened commodity prices, projected workload far exceeds the agency's capacity. As a comparison, the Bureau of Land Management (BLM) employed approximately 100 FTE in Colorado in 2008 to process about 800 drilling permits, while the OGCC employed an average of 53 FTE to process over 8,000 drilling permits and oversee 37,000 active wells. The BLM is directly responsible, from an inspection standpoint, for only about 11% of these wells. In addition, Colorado's current wells-per-inspector ratio of about 3,400 more than doubles a recent national average of approximately 1,600 wells per inspector.

For January 2009, the number of permits processed are about 10% lower than January 2008's figure, but staff has also begun working with operators on Comprehensive Drilling Plans under the amended rules. Moreover, the number of permits requested is only part of the picture. The active well count continues to grow on a daily basis. Each new well will generate hundreds of regulatory reports over its lifetime. Each well will also require routine on-site inspections, at a minimum. Some of these new wells will ultimately be orphaned and need to be plugged and abandoned with State funds. These situations can be minimized by timely review of regulatory reports, inspection of well sites, and maintenance of adequate financial assurance.

The 7.2 FTE eliminated by the Committee's action are as follows:

- 2.0 Environmental Inspectors (Environmental Protection Specialist I's)
- 1.0 Location Specialist (Environmental Protection Specialist II)
- 1.0 Environmental Technician (Engineering Physical Science Tech II)
- 1.0 GIS Administrator (Physical Scientist Research Scientist III)
- 1.0 Application Programmer (IT Professional II)
- 1.0 Permit/Compliance Technician (Engineering Physical Science Tech II)
- 0.2 Bond Administrator (Program Assistant I)

The Department recommends reducing its FY 2008-09 budget by a total of $800,000 ($679,000 OGCC Program Costs, $10,000 Vehicle Lease, $1,000 Short Term Disability, and $110,000 Health, Life, and Dental), restoring 4.2 FTE to the fiscal years 2008-09 and 2009-10 budgets, and converting 3.0 FTE to contract positions, as noted below. Not doing so will cause further delays in processing new drilling permits and conducting interim reclamation inspections, as existing staff is redirected to ensure the protection of the public's health, safety and welfare, the environment, and wildlife, as required by statute.

Department Recommendation:

Restore the following 4.2 FTE:

- 2.0 Environmental Inspectors (Environmental Protection Specialist I's)
- 1.0 Location Specialist (Environmental Protection Specialist II)
- 1.0 GIS Administrator (Physical Scientist Research Scientist III)
- 0.2 Bond Administrator (Program Assistant I)

Convert the following 3.0 FTE to contract positions:

- 1.0 Environmental Technician (Engineering Physical Science Tech II)
- 1.0 Application Programmer (IT Professional II)
- 1.0 Permit/Compliance Technician (Engineering Physical Science Tech II)

GOVERNOR'S OFFICE

Office of State Planning and Budgeting

FY 2008-09
Executive Department
Supplemental Figure Setting
Comebacks

February 5, 2009

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State Capitol, Room 111
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Office of State Planning and Budgeting
Comeback Requests

Department:	Governor's Office of Economic Development
OSPB Comeback Priority Number:	
Original Department Priority Number:	N/A – This was JBC Staff-initiated Transfer
Change Request Title:	Additional Options – Funds Transfers related to the Office of Economic Development and International Trade

SELECT ONE:

☐ Decision Item FY 2009-10
☐ Base Reduction Item FY 2009-10
☒ Supplemental Request FY 2008-09
☐ Budget Request Amendment FY 2009-10

Cash Funds Transfer	**Request**	**JBC Action**	**Comeback Request**	**Difference between Action and Comeback Request**
Travel and Tourism	$0	$0	$0	$0
Council on the Arts	$0	$0	$0	$0
New Jobs Incentives	$0	($3,307,761)	$0	$3,307,761
Film Incentives	$0	($161,593)	$0	$161,593
Cash Fund Draw Down over two-years				
Travel and Tourism	$0	($1,795,459)	$0	$1,795,459
Council on the Arts	$0	($165,917)	$0	$165,917
New Jobs Incentives	$0	($4,053,932)	$0	$4,053,932
Film Incentives	$0	($560,807)	$0	$560,807

Summary of Initial Request:

The Governor's proposal was to limit the amount that could be transferred to the General Fund to only one half of the FY 2008-09 distribution amounts for tourism, arts, new job incentives and film incentives.

Committee Action:

The JBC approved an FY 2009-10 appropriation for the cash funds totaling 75 percent of the FY 2008-09 appropriation. In addition, the committee approved a drawdown of existing fund balances over the next two years to support this appropriation, while transferring $3,307,761 from the New Jobs Incentives Cash Fund and $161,593 Film Incentives Cash Fund to the General Fund.

OSPB Comeback:

The Office of State Planning and Budgeting does not object to the committee approval of the FY 2009-10 appropriation being 75 percent of the FY 2008-09 appropriation. OSPB requests reconsideration of the drawdown of existing fund balances to cover a portion of the appropriation over the next two years and transfer of $3.3 million from New Jobs Incentives and $161,593 from the Film Incentives to the General Fund. OSPB requests that in addition to the 75 percent of the previous appropriation, that no further drawdown of fund balances occur.

Significant commitments from the current fund balances have been made. *These commitments have been made, but are only now under contract negotiations – therefore they show up in the state COFRs system as "non-obligated".* We are in the process of drafting contracts for these projects or awaiting final information.

If fund balances are transferred or existing committed fund balances are used to supplant Limited Gaming revenue, this would severely hamper the state's economic development efforts and in the case of incentives, the state's ability to provide incentives when they are needed most. In addition, drawing down the existing fund balances, over the next two years impacts, further reduces the fund ability to perform economic development functions.

The Colorado Tourism Office provides essential services in marketing, advertising and promotional projects aimed at stimulating economic activity in local communities and throughout the state and supporting jobs that are associated directly and in-directly with the travel and tourism industry. OEDIT and the CTO believe that dispersing these funds is in the state's long-term economic interest. The CTO has found that for every dollar it spends promoting the state, $6 is returned in the form of state taxes.

The New Jobs Incentives Fund is the state's primary funding source for incentivizing businesses to expand in Colorado or open a new location in Colorado. The incentives provided are tied directly to new jobs being created at higher than average wage rates for the selected county. Site location decisions are very competitive and as such, Colorado is competing with the remainder of the United States and globally for such businesses and jobs. Without these incentives to offer, Colorado will not be considered at all for a significant number of site location decisions.

The most significant example of fund commitments is the New Jobs Incentives Fund. The following table is a list of projects for which the state has provided a letter of intent or is finalizing commitments to provide the stated incentives.

Status/Type of Project	**Projects include**	**Total**
Awaiting contract execution	Lewis Engineering	$42,000
Letter of Intent Issued, Awaiting Final Decision	Vestas, Charles Schwab, Omega, Pharma, and Others	$5,025,000
PIF applications under review	Woodward Governor's, CH2M HILL	$913,000
Grand Total		$5,980,000