

**Schedule 13**  
**Funding Request for the 2012-13 Budget Cycle**

**Department:** Natural Resources  
**Request Title:** Integrated Resource Services  
**Priority Number:** R-5

**Dept. Approval by:** Will H. Lewis 10/12/2011 Date  
 Decision Item FY 2012-13  
 Base Reduction Item FY 2012-13  
 Supplemental FY 2011-12  
 Budget Amendment FY 2012-13

**OSPB Approval by:** [Signature] 10/15/11 Date

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	6
	Fund	Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
<b>Total of All Line Items</b>	<b>Total</b>	-	-	-	250,000	250,000
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	250,000	250,000
	FF	-	-	-	-	-
<b>(1) Executive Director's Office, &lt;NEW LINE ITEM&gt; Integrated Resource Services</b>	<b>Total</b>	-	-	-	250,000	250,000
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	250,000	250,000
	FF	-	-	-	-	-

**Letternote Text Revision Required?** Yes:  No:  **If yes, describe the Letternote Text Revision:**  
 The letter note for reappropriated funds will need to be changed to reflect that "\$250,000 will be from various sources as payment for Integrated Resource Services"

**Cash or Federal Fund Name and COFRS Fund Number:**  
**Reappropriated Funds Source, by Department and Line Item Name:**  
**Approval by OIT?** Yes:  No:  Not Required:   
**Schedule 13s from Affected Departments:**  
**Other Information:**



# DEPARTMENT OF NATURAL RESOURCES

John W. Hickenlooper  
Governor

*FY 2012-13 Funding Request  
November 1, 2011*

Mike King  
Executive Director

**Department Priority: R-5  
Integrated Resource Services**

Summary of Incremental Funding Change for FY 2012-13	Total Funds	Reappropriated Funds
Reappropriated funds to facilitate interagency cooperation	\$250,000	\$250,000

## Request Summary:

The Department of Natural Resources is requesting \$250,000 in Reappropriated Funds for FY 2012-13, appropriated as a new Long Bill line item in the Executive Director's Office titled "Integrated Resource Services." This new potted allocation will be used to facilitate payments for services between DNR agencies.

The Department of Natural Resources deals with a diverse range of natural resource management issues and employs subject matter experts in a variety of scientific and technical fields. Despite this diversity, however, natural resource management often involves fundamentally interconnected issues.

As just one example, the State Land Board manages more than 3 million acres of land in Colorado with the goal of generating revenue for public education, primarily through leases for grazing, agriculture, and mineral development. Within a given parcel there might be ground water or surface water issues; geologic hazards such as heaving bedrock or collapsing soils; oil, gas, or mineral production potential; and wildlife issues including rare and endangered species. Any of these issues could affect the lease revenue potential of a given parcel. Should such issues arise, the Land Board could clearly benefit from expertise housed within one of DNR's other divisions.

Currently, however, if one DNR agency could benefit from the expertise of another DNR agency, any assistance provided comes at the detriment of the assisting agency. Because of statutory restrictions, many DNR divisions do not currently have the authority to accept and expend gifts, grants, and donations. Therefore, assistance must be absorbed within the assisting agency's base budget and the work must be done in addition to, or in place of, the assisting agency's existing work. Often, an agency is unable to simply absorb the request for assistance and the requesting agency is forced to contract with private vendors at a much higher cost..

As recently as FY 2010-11, DNR encountered multiple examples of situations in which inter-agency payment for services would have proved beneficial to the Department as a whole, including:

- 1) The Colorado Water Conservation Board (CWCB) manages roundtables representing each of the river basins in Colorado, with the goal of developing basin-specific water needs assessments. In 2010 CWCB staff determined that certain modeling software used by the Basin Roundtables would benefit from certain enhancements, which would require additional software programming. The Division of Water

Resources (DWR) has significant expertise in water modeling and was willing to hire and manage programming staff to undertake this work on behalf of the CWCB. However, since DWR is unable to accept grants, and was unable to absorb the additional cost with its own budget, DWR was unable to provide this assistance.

2) The State Board of Land Commissioners wishes to expand their investments in water as an asset class. There is a great deal of expertise within the Department which has the potential to help the Board, but it is not currently possible for the board to reimburse other divisions for their employee's time. As such, it may be necessary for the Board to hire private consultants at an estimated rate as high as \$240 an hour instead of an existing employee at roughly \$60 an hour. This case is discussed further in Decision Item #X "State Board of Land Commissioners – Interagency Water Expertise"

3) The State Board of Land Commissioners has a constitutional mandate to maintain a long-term stewardship trust of lands. Though the staff of the Land Board does an excellent job of managing these lands, they are not specialists in conservation issues. Some staff in other DNR divisions have extensive experience in these issues and could help the Land Board demonstrate the value of good stewardship of these lands.

As these examples illustrate, there are situations that exist within the Department where the ability to make payments between divisions could create cost savings or increase revenues. This could be accomplished by the creation of a new Long Bill line item titled "Integrated Resource Management." This line item would be funded entirely with reappropriated funds and therefore would not be increasing overall state spending. Though the situations above are the only ones that have been particularly identified, the Department hopes that once this funding is made available to the divisions more opportunities for efficiencies will be recognized.

The requested funds would remain unallocated in the DNR Executive Director's Office until such time as they are requested by a division. Once a division has identified a need, and the assisting agency has agreed that they have the resources to help and are willing to do so, the Executive Director's Office would then allocate the necessary spending authority to the assisting agency.

If this request is approved, as part of its annual budget request the Department will report on how these funds have been used in the most recently completed fiscal year. Such a report would include a description of the work performed along with the divisions involved and the amount spent.

Alternatively, this problem could be resolved legislatively. The General Assembly could provide the divisions of the Department with statutory authority to receive and expend gifts, grants, and donations. This would provide the same flexibility that the Department is seeking with this change request.

The Department believes that the creation of a new potted item in the Executive Director's Office, funded entirely with reappropriated funds, will allow the divisions of the Department to work more closely together in mutually beneficial situations. By fostering cooperative efforts, this decision item will help to break down organizational "silos" whereby agencies focus on their primary purposes to the detriment of other important natural resource issues. Further, this decision item will give divisions an opportunity to work with their sister agencies, at a lower cost, instead of contracting with private agencies in order to meet their needs.

**Anticipated Outcomes:**

The flexibility afforded by this request will allow the divisions of the Department to receive expert guidance from their sister agencies without placing an uncompensated burden on the assisting agency. This will foster more frequent use of cross division resources and will allow divisions to obtain expert guidance and advice at a lower

cost than may otherwise be possible. In the current budget environment, the ability to receive services at a reduced cost helps the divisions to maintain current service levels in spite of reduced budgets.

**Assumptions for Calculations:**

The Department did not perform a rigorous calculation to arrive at the \$250,000 requested in this Decision Item. The \$250,000 is a rough estimate of two high-level employees with benefits for an entire year. It is anticipated that in reality, the funding will be used for many different employees working on various projects throughout the year. Actual utilization of these funds will depend on what resources are needed, the individual employees participating, and the individual Health, Life, and Dental elections. Projects will vary from year to year, depending on the exact issues being addressed by agencies in a given year.

**Consequences if not Funded:**

If this request is not funded, interagency help will need to continue to come at the detriment of the assisting agency. In some cases, the lack of flexibility will make it unfeasible for agencies to work together. Additionally, divisions will continue to pay private agency rates for assistance when they could be receiving the same, or superior, assistance from their sister agencies at a reduced cost. In this time of shrinking state budgets, a chance for cost-effective coordination between DNR agencies will have been squandered.