



STATE OF  
COLORADO

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## Re: CWP - Feedback Deadline Extension ??

2 messages

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**Rowan, Nicole** <nicole.rowan@state.co.us>

Mon, Aug 1, 2016 at 2:49 PM

To: Dan O'Connell <doconnell@cochamber.com>

Cc: "Pfaltzgraff - CDPHE, Patrick" <patrick.j.pfaltzgraff@state.co.us>, Sonja Vaught - CDPHE <sonja.vaught@state.co.us>, Rich Hull <rich.hull@state.co.us>, Meghan Trubee - CDPHE <meghan.trubee@state.co.us>

Hi Dan, see our responses to your questions below. The survey has closed, but I have reopened it for you and other CACI members. The link is here: LINK REMOVED, SURVEY NO LONGER AVAILABLE.

### 1. Status Quo - underlying assumptions

a.) Clarification regarding whether filling outstanding CWP staff vacancies are/ are not included in the projected funding numbers in today's handouts 1 and 2.

The department will fill all the outstanding vacancies that we can within our spending authority. If we are not successful in addressing the deficit shown in Handouts 1 and 2 we will likely have to keep 20 to 22 vacancies open so that we do not exceed our budget. Based on current projections, which are subject to change based on our federal allocation and other factors, if we are successful in addressing the deficit we will have to leave 5 to 7 positions vacant. We are currently holding 13 positions vacant. That means if we are successful in addressing the deficit we will be able to backfill 6 to 8 of the current positions we are holding vacant.

### 2. Status Quo - underlying assumptions

a.) Clarification of what assumptions are factored into the WQCD's understanding of the "status quo" level of services that can be "maintained" should this ongoing stakeholder process produce a proposal that helps WQCD overcome the identified budget deficit.

Over the past year and in our work planning for this year we have and will continue to support stakeholder efforts such as the Water Quality Forum and its work groups. This is in addition to our core work such as issuing permits, completing inspections, completing water quality assessments, water quality planning, serving as staff to the Water Quality Control Commission, providing compliance assistance, issuing enforcement actions and conducting site application and design reviews. In addition, the program works directly with the regulated community on developing proposals that result in regulatory relief such as:

- Discharger specific variances. In past year the department has worked with Suncor Energy on developing a discharge specific variance that will be reviewed by the Water Quality Control Commission in October 2016.
- The department is working with Mt. Emmons Mining Company on site specific standards that will be reviewed by the Water Quality Commission in June 2017.
- The department worked with Xcel Energy on a category 4B plan which is an alternative to a Total Maximum Daily Load and this was adopted by the Water Quality Control Commission in March of 2016.

If we are not successful in addressing our deficit we will have to focus solely on core work efforts.

b.) This overlaps with Question 1 to some degree, as whether staff vacancies are filled will have some impact on the level of services being maintained will increase or not.

See answer to question 1.

c.) Essentially this question is CACI members asking, if the budget deficit is overcome, and perhaps surpassed if the phased-in increases for CPI growth (2.3%/yr for 5 years) and building the fund reserve (2%/yr over 5 years) policy goals are factored in, what if any benefit will the regulated community experience in terms of the level of services it receives?

We anticipate that the CPI growth will cover increases for program staff salaries and benefits once we backfill the positions discussed in question 1 as costs increase over the next five years. We do not anticipate that the CPI increase will allow us to “grow” the program or increase services. It will allow us to maintain existing services discussed in the answer to question 2.a. The purpose of the fund reserve is allow for smooth transition between fiscal years as revenues catch up with expenditures on an annual basis. The fund reserve is not intended to be used for new services or to grow the program.

d.) I think CACI members understand that this conversation is more about overcoming the existing, identified budget deficit, but any information regarding what will be or will not be funded under the existing funding numbers being used in the handouts would be helpful.

See answers to questions 1, 2.a., 2.b., and 2.c.

### 3. Proposal Scenario “Runs”

a.) Can CWP staff complete the Multi-Colored FY-2015-16 Revenue and Expenditure tracking document with Q4 data and then use this sheet as the baseline for generating proposal scenario runs based on the actual spending data by sector?

The division is unable to complete the analysis based on actual spending data. See the explanation below.

i. If this is not a legitimate approach, please provide information regarding why “Actual” expenditure data from multi-color FY-2015-16 sheet is so different from approach taken in Handouts 1 and 2 from today’s meeting.

The division is sharing with all stakeholders an updated revenue and expenditure tracking document. It is important to note the update is still an estimate because we are currently working to close out the previous year. Please refer to the “Fiscal Year 2015-16 Year End Report” and “Fiscal Year 2016-17 Budget” information that is attached to this email. For fiscal year 2015-16, the program’s budget was \$11.8M but expenditures were \$9.9M. On the surface it appears that the program should be fine. However, the program only expended \$9.9M because our cash spending authority budget was more than the revenue received and we can’t spend more than the revenue we receive. In addition, the federal award was less than the budgeted amount. Another way to look at the issue is that the program had staff to support \$11.8M but only could spend \$9.9M. We have attempted to summarize how we addressed this issue on the “Fiscal Year 2015-16 Year End Report”:

- In the “deficit” portion of the 2015-16 report, we summarize the cash spending authority deficit by sector. This is the amount of money by sector that was not available because revenue generated was less than our budgeted spending authority. To address this portion of the deficit, the program held nearly every vacancy open that occurred during fiscal year 2015-16.
- The “deficit” portion of the 2015-16 report also summarizes the additional general fund money that was above and beyond was included in our budget. This general fund was provided with POTS funding from vacancy savings throughout other divisions within the department. In addition, for 2015-16 we received a one-time subsidy amount of General Fund. This was used to support the sectors.
- Finally, the “deficit” portion of the 2015-16 report summarizes the additional federal funds that were used above the \$1.4M we received for sector related work. We used a portion of this year’s federal funds to support the program as well as funds that are typically used for operating, travel and monitoring.

Another way to look at the deficit is to look at the changes between fiscal years 2015-16 and 2016-17 summarized in the “Fiscal Year 2016-17 Budget”. Cash spending authority, federal spending authority and general fund were reduced so that our budget reflects expected revenue. For Commerce & Industry, MS4 and Public and Private Utilities, cash spending authority was reduced by \$1.5M from fiscal year 2015-16 to 2016-17. HB16-1413 was intended to replace this spending authority plus the loss of the General Fund from the supplemental amount provided to the program for fiscal year 2015-16.

b.) Runs of different proposal scenarios and impact on each CWP sector’s cash fees based on actual spending amounts included in the multi-colored FY-2015-16 Revenue and Expenditure by CWP Sector Tracking Sheet.

Instead of the runs of different scenarios based on the actuals from 2015-16, we have updated potential fee changes based on the reducing indirect (27.5 to 25.5%), change to CPI (3.3 to 2 percent) and the fund balance (from 16 to 10 percent). See "Scenario Summary" that is attached to this email.

#### 4. Proposal Scenarios:

1. Resolve deficit with cash funds
2. Resolve deficit based on current General Fund to cash fund ratios
3. Resolve deficit based on 50/50 GF to cash fund ratios for C&I, MS4, and PPU sectors
4. Resolve deficit with General Fund

a.) While this request is not indicative of CACI's support for one or any of these proposals at this point, it will be very helpful to see what runs look like using updated data based on "Actual" CWP needs and deficits by sector as identified by most recent accounting of "actual" revenue and expenditure data.

b.) It appears to CACI, after considering today's conversation and then comparing the data in the referenced multi-colored document with data from today's Handouts 1 + 2...that the "Actual" Expenditure data on the multi-colored FY-2015-16 tracking sheet is the most accurate reflection of each sectors revenues, expenditures, and sector deficits.

[See answers provided to question 3.](#)

b.) Regardless of bottom line funding in FY-2015-16 and potential expenditure "fungibility" across sectors, the "Actual" expenditure data should be as close to a reflection of the real/"actual" needs of each sector, as well as each sectors' revenues and expenditures by fund source.

[See answers provided to question 3.](#)

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**COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT  
WATER QUALITY CONTROL DIVISION  
FISCAL YEAR 2016-17 BUDGET**

<b>Total Expenditures:</b>	<b>FY2015-16</b>	<b>FY2016-17</b>	<b>HB16-1405</b>	<b>HB16-1413*</b>	<b>FY2016-17</b>
	<b>Budget</b>	<b>Changes</b>	<b>Budget</b>	<b>Budget</b>	<b>Total</b>
<b>Commerce and Industry</b>	<b>\$3,328,100</b>	<b>(\$561,120)</b>	<b>\$2,766,980</b>	<b>\$553,873</b>	<b>\$3,320,853</b>
General Fund	\$780,215	\$402,906	\$1,183,122	\$553,873	\$1,736,995
Cash Fund	\$1,532,146	(\$282,459)	\$1,249,687	\$0	\$1,249,687
Federal Funds	\$1,015,739	(\$681,567)	\$334,172	\$0	\$334,172
<b>Construction</b>	<b>\$1,927,961</b>	<b>\$662,491</b>	<b>\$2,590,452</b>	<b>\$0</b>	<b>\$2,590,452</b>
General Fund	\$519,264	\$57,623	\$576,886	\$0	\$576,886
Cash Fund	\$933,201	\$921,308	\$1,854,508	\$0	\$1,854,508
Federal Funds	\$475,497	(\$316,439)	\$159,058	\$0	\$159,058
<b>MS4</b>	<b>\$393,022</b>	<b>(\$97,575)</b>	<b>\$295,447</b>	<b>\$92,312</b>	<b>\$387,759</b>
General Fund	\$116,777	(\$9,230)	\$107,547	\$92,312	\$199,859
Cash Fund	\$180,650	(\$41,981)	\$138,669	\$0	\$138,669
Federal Funds	\$95,596	(\$46,364)	\$49,231	\$0	\$49,231
<b>Pesticide</b>	<b>\$202,212</b>	<b>(\$33,827)</b>	<b>\$168,385</b>	<b>\$0</b>	<b>\$168,385</b>
General Fund	\$140,591	(\$140,591)	\$0	\$0	\$0
Cash Fund	\$61,621	(\$31,320)	\$30,301	\$0	\$30,301
Federal Funds	\$0	\$138,084	\$138,084	\$0	\$138,084
<b>Public/Private Utilities</b>	<b>\$5,413,771</b>	<b>(\$1,553,000)</b>	<b>\$3,860,771</b>	<b>\$1,200,059</b>	<b>\$5,060,831</b>
General Fund	\$1,653,445	\$246,070	\$1,899,515	\$1,200,059	\$3,099,575
Cash Fund	\$2,461,318	(\$1,174,253)	\$1,287,065	\$0	\$1,287,065
Federal Funds	\$1,299,008	(\$624,817)	\$674,191	\$0	\$674,191
<b>WQ Certification</b>	<b>\$357,461</b>	<b>\$19,811</b>	<b>\$377,272</b>	<b>\$0</b>	<b>\$377,272</b>
General Fund	\$31,314	(\$31,314)	\$0	\$0	\$0
Cash Fund	\$326,147	\$23,508	\$349,655	\$0	\$349,655
Federal Funds	\$0	\$27,617	\$27,617	\$0	\$27,617
<b>General Fund Subsidy</b>	<b>\$245,457</b>	<b>(\$245,457)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	\$245,457	(\$245,457)	\$0	\$0	\$0
Cash Fund	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$11,867,984</b>	<b>(\$1,808,677)</b>	<b>\$10,059,307</b>	<b>\$1,846,244</b>	<b>\$11,905,551</b>
General Fund	\$3,487,063	\$280,008	\$3,767,070	\$1,846,244	\$5,613,314
Cash Fund	\$5,495,082	(\$585,197)	\$4,909,885	\$0	\$4,909,885
Federal Funds	\$2,885,839	(\$1,503,487)	\$1,382,352	\$0	\$1,382,352

\*HB16-1413 was a one time transfer of funds from the division's water quality improvement fund to the General Fund.

**COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT  
WATER QUALITY CONTROL DIVISION  
FISCAL YEAR 2015-16 YEAR END REPORT**

Total Expenditures:	Total		Deficit			
	Budget	Est. Actual*	Cash	General Fund**	Federal***	Total
<b>Commerce and Industry</b>	<b>\$3,328,100</b>	<b>\$2,605,109</b>	<b>(\$532,026)</b>	<b>(\$55,000)</b>	<b>(\$212,091)</b>	<b>(\$799,117)</b>
General Fund	\$780,215	\$997,062	\$0	(\$55,000)	\$0	(\$55,000)
Cash Fund	\$1,532,146	\$1,000,120	(\$532,026)	\$0	\$0	(\$532,026)
Federal Funds	\$1,015,739	\$607,926	\$0	\$0	(\$212,091)	(\$212,091)
<b>Construction</b>	<b>\$1,927,961</b>	<b>\$1,773,015</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	\$519,264	\$291,751	\$0	\$0	\$0	\$0
Cash Fund	\$933,201	\$1,424,096	\$0	\$0	\$0	\$0
Federal Funds	\$475,497	\$57,168	\$0	\$0	\$0	\$0
<b>MS4</b>	<b>\$393,022</b>	<b>\$355,637</b>	<b>(\$36,185)</b>	<b>(\$6,000)</b>	<b>(\$41,462)</b>	<b>(\$83,647)</b>
General Fund	\$116,777	\$122,965	\$0	(\$6,000)	\$0	(\$6,000)
Cash Fund	\$180,650	\$144,465	(\$36,185)	\$0	\$0	(\$36,185)
Federal Funds	\$95,596	\$88,207	\$0	\$0	(\$41,462)	(\$41,462)
<b>Pesticide</b>	<b>\$202,212</b>	<b>\$125,297</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	\$140,591	\$114,572	\$0	\$0	\$0	\$0
Cash Fund	\$61,621	\$10,725	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Public/Private Utilities</b>	<b>\$5,413,771</b>	<b>\$4,671,213</b>	<b>(\$263,281)</b>	<b>(\$179,000)</b>	<b>(\$295,389)</b>	<b>(\$737,670)</b>
General Fund	\$1,653,445	\$1,533,888	\$0	(\$179,000)	\$0	(\$179,000)
Cash Fund	\$2,461,318	\$2,198,037	(\$263,281)	\$0	\$0	(\$263,281)
Federal Funds	\$1,299,008	\$939,288	\$0	\$0	(\$295,389)	(\$295,389)
<b>WQ Certification</b>	<b>\$357,461</b>	<b>\$161,308</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	\$31,314	\$151,017	\$0	\$0	\$0	\$0
Cash Fund	\$326,147	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$10,291	\$0	\$0	\$0	\$0
<b>General Fund Subsidy</b>	<b>\$245,457</b>	<b>\$245,495</b>	<b>\$0</b>	<b>(\$245,495)</b>	<b>\$0</b>	<b>(\$245,495)</b>
General Fund	\$245,457	\$245,495	\$0	(\$245,495)	\$0	(\$245,495)
Cash Fund	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$11,867,984</b>	<b>\$9,937,074</b>	<b>(\$831,492)</b>	<b>(\$485,495)</b>	<b>(\$548,941)</b>	<b>(\$1,865,928)</b>
General Fund	\$3,487,063	\$3,456,750	\$0	(\$485,495)	\$0	(\$485,495)
Cash Fund	\$5,495,082	\$4,777,443	(\$831,492)	\$0	\$0	(\$831,492)
Federal Funds	\$2,885,839	\$1,702,880	\$0	\$0	(\$548,941)	(\$548,941)

\*Fiscal year 2015-16 has not officially closed. Actual expenditures are subject to change.

\*\*The division received \$240,000 of additional general fund money that was above and beyond what was included in our budget. This general fund was provided with POTS funding from vacancy savings throughout other divisions within the department. This column summarizes how that \$240,000 was distributed among C&I, MS4, and PPU.

\*\*\*The division only received \$1.4M in federal funds for sector related work. This column summarizes how federal money from this fiscal year plus federal money that was pulled from operating, travel and monitoring activities was distributed among C&I, MS4, PPU.



## Handout 3

### Comparison of fee changes by scenario

Clean Water Sectors	Scenario 2 Resolve deficit based on current General Fund to cash funds ratio for Commerce and Industry, MS4 and Public/Private Utilities sectors	Scenario 3 Resolve deficit through 50/50 General Fund to cash funds ratio for Commerce and Industry, MS4 and Public/Private Utilities sectors	Scenario 4 Resolve the deficit with General Fund
Commerce and Industry	65%	61%	7%
Construction	2.0%	2.0%	2.0%
MS4	46%	30%	6%
Pesticide	2.0%	2.0%	2.0%
Public/Private Utilities	-2.0%	22%	6%
WQ Certification	*	*	*

\*The department recommends that Tier 1 and Tier 2 fees for water quality certifications be increased by 2% to build a fund balance for this sector over a 5-year period. Tier 3 and Tier 4 fees are based on recovering actual cost.