

# **Impacts on DWR's Budget What Challenges Lie Ahead**

**By  
Dick Wolfe, M.S., P.E.  
State Engineer, Director  
Colorado Division of Water Resources**

## **SEO Forum**

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### Opening

Purpose of SEO Forum (7<sup>th</sup> year)

- Communication and education (mention new website)
- Listen-we need feedback on how we are doing and how we can serve you better (mention new survey)

There are basically two primary choices in life: to accept conditions as they exist, or accept the responsibility for changing them.

Charles Darwin said "It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change."

We hope to demonstrate today ways we have been responsive to change.

### Personnel

The Division initiated an agency-wide staffing plan in 2008, projecting the human capital needs over a five year time period.

Staffing levels were assessed under major programs for the Division, including public safety and water administration.

Significant trends and issues within the Division were analyzed by conducting a SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats). The SWOT Analysis assisted the Division in projecting future changes in the organization, personnel needs, and operating expenses over a five year time period.

The staffing plan identified a steady increase in personnel needs over a five year time frame. Approximately 28 new full time employees have been identified as necessary to hire in order to uphold the statutory responsibilities of the Division, keep pace with advances in technology, and account for changing needs in water administration.

The Division has essentially the same number of water commissioners today as in the 1960's (115 in the 1960's vs. 114 today—however, we have added man-months to these positions).

The Division has added 21 new well commissioners since 1996 due to increased well administration.

The Division currently has over 25 vacant positions.

The Division has tried to address these increasing workload issues each year through annual Decision Item requests for additional staffing.

The Division has not been able to make any requests since 2007 and is projected we will not be able to make any requests for additional staffing at least through Fiscal Year 2012-2013.

### Budget

The Division is 90% general funded with a approximately \$25M total budget. 85% spent on salaries.

This includes a \$1.5M operating budget of which 50% is spent on mileage (2.4 million miles per year) for water commissioners, well commissioners, well inspectors, dam inspectors and hydrographers.

The recent budget cycles have demonstrated the vulnerability of the Division's general funded budget.

Attempts to make a portion of the budget funded by user fees or severance tax dollars were defeated in the legislature the last couple of years; however, the Interim Water Committee agreed that developing a secure funding source for the Division would be a priority for the Committee.

The Division considered a proposal in 2009 (SB 09-216) for alternative funding sources including voluntary fees (i.e., well permit application and inspection fees, Substitute Water Supply Plan fees, and dam design review fees).

A second proposal was introduced in 2009 that included the use of severance tax monies (HB 09-1308) and again in 2010 under HB 10-1006. All three of these measures were ultimately defeated.

Other ideas for alternate funding sources that were suggested but not yet fully evaluated included involuntary fees (e.g., water administration fee), water commissioner inspection fee, county referral review fee, fee for review of accounting reports, water court application fee, water court consultation fee, use of revenue generated from

Construction Fund loans, state-wide mill levy, and a water user defined contribution plan.

Recently added considerations would be a municipal water use fee. These fees could be further structured to have a cascading revenue generation as the General Fund revenues decrease.

It is uncertain at this point to what extent any alternate funding sources will be evaluated in the 2011 legislative session.

There are many existing and emerging factors that will shape future water administration in addition to the impacts from the current economic crisis.

It will be through strategic use of technology combined with our human resources that will allow us to meet the future needs to protect and manage Colorado's valuable and precious water resource.

### **Existing and Emerging Factors**

- General Factors
  - Population growth
  - Climate change
  - Budget and personnel
- Rules and regulations
  - Irrigation Improvement Rules (Water Division 2)
  - Well Use Rules (Water Division 3)
  - Compact Compliance Rules (Republican River basin and Colorado River basin)
  - New rules and regulations for administering produced water from oil and gas wells
- Ground water administration
  - Nonexempt wells
    - The curtailment and monitoring of those wells not in augmentation plans or Substitute Water Supply Plans along with the increased complexity and monitoring requirements of recent decreed augmentation plans and Substitute Water Supply Plans has dramatically increased the burden of administration
- Surface water administration
  - Increased administration due to complex decrees, especially augmentation plans
  - Creating reliable water runoff forecasts
  - Increased demand for administration of instream flows and RICDs
  - Expansion of senior irrigation rights
  - Administration of ponds
  - Water measurement and Flow Alert System
    - Cost and maintenance of equipment (data loggers and telemetry)
    - Maintenance and replacement of measuring devices and diversion structures (many diversion structures are 80-120 years old)
    - Futures funding in jeopardy due to transfer of cash funds from CWCB's Construction Fund. CWCB currently provides \$250,000 to support the Division's satellite monitoring program.
- Compact compliance (including damages due for non-compliance on Republican River Compact)
- Information technology

- Decision Support Systems
  - Lack of funding will delay development and implementation of DSS in Water Division 2
- Implementation of NHD (National Hydrography Dataset)—digital collection of all the hydrographic features on the published 1:24,000 scale maps
  - The Division is the state agency responsible for implementing and maintaining this program for the entire state
- Lack of high speed Internet in some rural areas