



COLORADO

Parks and Wildlife

Department of Natural Resources

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TO: Colorado Parks and Wildlife Commission
FROM: Director Broscheid
DATE: January 7, 2019
SUBJECT: *Revised* 2019 Species Conservation Trust Fund Eligibility List Approval

Introduction

The native Species Conservation Trust Fund (SCTF) was created in 1998, pursuant to HB98-1006 (codified at section 24-33-111, C.R.S. (2014)). After its initial creation, the General Assembly expanded the SCTF to cover studies and programs within Colorado Parks and Wildlife (CPW) dedicated to recovering species listed as threatened and endangered under state law; recovering and protecting federal candidate species; conducting scientific studies related to the listing or delisting of any species; and evaluating genetic, habitat and declining species baseline data.

Each year, the Executive Director of the Department of Natural Resources (DNR) prepares a "species conservation eligibility list" (SCEL) after consultation with the CWCB and its Director, and the Commission and the Director of CPW. The SCEL describes programs intended to accomplish the goals first articulated in HB98-1006, and associated costs eligible for funding. The SCEL is then sent to the General Assembly for review and modifications as appropriate prior to the passage of the annual SCTF bill.

Staff Recommendation

Staff recommends, contingent upon available revenues, that the Commission: (1) concur with the DNR Executive Director's proposed recommendations to the General Assembly to **approve an expenditure of up to \$6 million from the SCTF for FY 19-20, including up to \$3 million for the CPW priorities outlined herein**; and (2) forward a statement of concurrence to the Colorado Water Conservation Board.

Additional Information - Species Conservation Trust Fund

The Act requires that funding be distributed for the following purposes:

1. Cooperative agreements, recovery programs, and other programs that are designed to meet obligations arising under the federal "Endangered Species Act of 1973" and that provide regulatory certainty.
2. Studies and programs established or approved by the CPW and the Executive Director of the DNR regarding:
 - (a) Species placed on the state endangered or threatened list;
 - (b) Candidate species, in order to assist in the recovery or protection of the species to avoid listing of the species; and
 - (c) Scientific research relating to listing or delisting any species.

Current Year Funding

In anticipation of very low severance tax revenue in FY 2018-19, the General Assembly approved H.B. 18-1338, which transferred \$3.0 million from the General Fund to the SCTF as part of a larger package of provisions meant to stabilize funding for programs supported by the Severance Tax Operational Fund. With that transfer, the bill provided guaranteed funding for SCTF projects authorized to begin in FY 2018-19.

It also included a provision that prohibits any severance tax distributions to Natural Resources and Energy Grant Programs (Tier 2) in FY 2018-19 until enough severance tax revenue comes in to repay the General Fund for all transfers to Operational Fund programs and fill the reserve for core programs (Tier 1). Because severance tax revenue is collected month-by-month, the Department expects it will be close to the end of the FY 2018-19 before all H.B. 18-1338 requirements are met. From a functional standpoint, this means any severance revenue that may accrue for grant programs in the current year will be available for appropriation in FY 2019-20.

FY 2019-20 Outlook

Based on the December 2018 Legislative Council Staff revenue forecast, the outlook for severance tax has improved since H.B. 18-1338 was passed. After accounting for the repayment of the General Fund and the Tier 1 reserve requirement, enough revenue is projected to come in to fund grant programs at almost 90% going into FY 2019-20. For the SCTF, this means \$4.5 million is projected to accrue in the current year to support projects in FY 2019-20.

However, it is important to note that forecasts tend to lag behind in terms of predicting downturns in severance tax revenue. While the December 2018 forecast was higher on balance than the September 2018 forecast that preceded it, oil prices have dropped nearly \$30/bbl since mid-October and expectations for price and production through 2019 vary widely. Additionally, it is possible that refunds associated with the BP America decision may still adversely affect severance tax revenue through the end of FY 2018-19, although the timing and magnitude of any remaining refunds is difficult to anticipate.

The discrepancy between the improvements in the forecast and highly unpredictable market conditions, as well as the possibility of any outstanding refund liability from the BP America case, suggest caution is warranted when evaluating the availability of revenue for SCTF funding. It is possible that actual SCTF revenue will be lower than the current forecast suggests. For this reason, the Department's initial recommendation is to take a conservative approach by authorizing \$3.2 million in SCTF projects for FY 2019-20. If future economic forecasts exceed expectations or alternative funding becomes available, the Department will revisit the request or hold the extra revenue for use during the next severance tax downturn. The Department is still working with the divisions on the specific allocation of \$3.2 million, and therefore recommends that staff consider how to adjust the FY 2019-20 project list either proportionally or by Tier.

FY 2019-20 Recommended Projects

The recommended Parks and Wildlife projects for FY 19-20 are summarized below.

Colorado Parks and Wildlife Projects Total Request: \$3,000,000

1. Native Terrestrial Wildlife Conservation (up to \$1,500,000)

- Monitor plague management sites, including black-footed ferret release sites, treat for plague, improve oral vaccine, and design improved bait distribution equipment. This work was instrumental in a Fish and Wildlife Service decision that listing the Gunnison prairie dog as threatened or endangered was not warranted.
- Develop and enhance lesser prairie chicken habitat on private land in SW Colorado
- Monitor bats populations to develop baseline data for assessing white-nose syndrome should it be detected in Colorado.
- Conduct pilot surveys for eastern black rails and pinyon jays (black rails have the potential to be listed under the ESA).
- Evaluate current golden eagle monitoring and compare to citizen science estimates in search of reliable, low cost techniques.
- Evaluate forest management activities relative to snowshoe hare densities (important Canada lynx prey)
- Conduct black-tailed prairie dog surveys (rangelwide effort every 5 years).
- Provide incentive payments to private landowners involved in black-footed ferret reintroductions.

2. Native Aquatic Wildlife Conservation (up to \$1,500,000)

- Continue work on native cutthroat trout (creating and improving habitat and unraveling the complicated genetics), improving broodstocks for native trout and whitefish, and maintain a database on distribution and abundance of native cutthroat trout.
- Determine thermal tolerances of native aquatic species to help the Water Quality Control Commission set temperature standards.
- Improve Best Management Practices for avoiding and managing bacterial kidney disease in greenback cutthroat trout.
- Monitor eastern plains native fish to improve species evaluations and conservation planning.
- Install and operate fish passage structures to allow spawning by bluehead and flannelmouth suckers, species of conservation concern.
- Update databases, software and related equipment for rangewide (multi-state) Rio Grande Chub and Rio Grande Sucker conservation (both species are petitioned for listing under the federal Endangered Species Act).
- Develop a web-based decision tool to allow water project proponents to predict aquatic resource concerns and to provide a clearinghouse for CPW-recommended project planning and construction BMPs.
- Incorporate eDNA sampling into protocols to detect threatened and endangered fish and mollusks in eastern plains streams.
- Develop and conduct a systematic survey to assess distribution and status of amphibians classified as important in Colorado's Wildlife Action Plan.