

Department of Local Affairs



Strengthening Colorado Communities

COLORADO DEPARTMENT OF LOCAL AFFAIRS ENERGY AND MINERAL IMPACT ASSISTANCE FUND (EIAF) PROGRAM STATUS AND TIMELINE AS OF AUGUST 2009

Tough decisions impacting Colorado's budget, as proposed by Governor Bill Ritter during a meeting before the Joint Budget Committee on Tuesday, August 18, 2009, modify the timeline and potentially funds available through the Energy and Mineral Impact Assistance Fund (EIAF).

Funding for EIAF grants are derived from severance tax and federal mineral lease revenues. Proposed cuts to the program will impact the severance tax portion of the fund. The variable nature of the Impact fund combined with revenue declines means some projects will not get funded. However, the EIAF program will continue and DOLA anticipates grant making long into the future.

The following outlines the proposed cuts that will most immediately impact the grant program:

- **Transfer of \$5 million from the program to the General Fund**
This will permanently reduce the fund by \$5 million and will be used to backfill the state's General Fund.
- **Suspending the award of \$25 million in grants until January 31, 2009**
This is a request to hold \$25 million in severance tax receipts that had been planned for grants to local governments in late 2009. These funds will be held until January 31, 2010, in case the state's revenue picture continues to deteriorate. On August 1, 2009, DOLA received applications from local governments for grant funded projects. These applications have been tabled for the time being. DOLA will not make award recommendations until after the January 31 date. DOLA anticipated having \$45 million from severance tax for grants in FY2009/2010, and even if the \$25 million is needed to balance the state's budget in 21009/2010, DOLA expects to have grant rounds later this fiscal year.
- **Transfer of \$14,305,697 from the Local Government Permanent Fund**
This will result in the transfer of \$14,305,697 from the Local Government Permanent Fund, which was created from a bonus payment received from leases on the Roan Plateau in 2008. This Permanent Fund was intended to backfill direct distribution dollars that DOLA sends to cities and counties each year to address impacts associated with energy and mineral development in the event that severance tax and Federal Mineral Lease receipts greatly declined at some time in the future.

Municipalities and counties were not expecting this money at any particular time so the effect on them today is minimal. This transfer will deplete the Local Government Permanent Fund. However, a DOLA program to distribute \$17 million, also from the Local Government Permanent Fund, in large grants to Federal Mineral Lease Counties will continue as planned for this fiscal year.

The department has received 11 applications for the \$17 million and will move forward with awarding grants from this allocation.

The timeline for distribution of the \$17 million is as follows:

- **July** - notify local governments of SB-09-232 \$17 million available for competitive applications.
 - **August 12th** - letter of interest due to Executive Director Department of Local Affairs.
 - **October 2nd** - two page pre-applications due.
 - **November 10th** - staff review and summary report submitted to Executive Director.
 - **November 20th** - Energy Impact Advisory Committee reviews pre-applications and provide recommendation to Executive Director.
 - **December 1st** - Executive director announces which local governments have been selected to submit a full application.
 - **January 29th** - full applications are due.
 - **February 26th** - staff review and project summary report submitted to Executive Director.
 - **March 12th** – Project Presentation by each applicant to the Impact Advisory Committee. Recommendations from the Impact Advisory Committee submitted to the Executive Director.
 - **March 30th** - Executive Director announces SB-09-232 awards. Standard contract management process and rules apply.
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- **Refinance of the Department’s Field Services program, located in the Division of Local Government**
This will result in a \$900,000 General Fund savings. This refinance reflects the fact that the Impact Program has grown ten-fold over the past 15 years. Even with this change, the administrative cost to run the Impact program is 2.7 percent, a very low administrative cost, especially given the quality and value that communities receive from DOLA’s field staff.

Additional, proposed cuts affecting the Department, unrelated to the EIAF include:

- Elimination of Waste Tire Recycling Fund grants for FY09-10 - \$3,600,000
- Elimination of Local Government Limited Gaming Impact Fund grants for FY09-10 - \$5,100,000