

Total Dept Of Natural Resources & Conservation Funding by Source of Authority  
2015 Biennium Budget

Funds	Non-		Statutory Appropriation	Total All Sources	% Total All Funds
	HB 2	Budgeted Proprietary			
General Fund	\$48,319,163	\$0	\$0	\$48,319,163	38.7%
State Special Total	\$66,129,838	\$0	\$200,000	\$66,329,838	53.1%
02010 Oil & Gas Damage Mitigation	\$0	\$0	\$200,000	\$200,000	0.2%
02015 Tsep Regional Water System	\$1,463,998	\$0	\$0	\$1,463,998	1.2%
02031 Land Banking - Pvt Closing Costs	\$431,772	\$0	\$0	\$431,772	0.3%
02039 Forestry-fire Protection Taxes	\$6,999,397	\$0	\$0	\$6,999,397	5.6%
02052 Rangeland Improvement Loans	\$1,052,406	\$0	\$0	\$1,052,406	0.8%
02073 Forestry - Slash Disposal	\$142,699	\$0	\$0	\$142,699	0.1%
02145 Broadwater O & M	\$1,026,078	\$0	\$0	\$1,026,078	0.8%
02316 Go94b/ban 93d Admin	\$53,478	\$0	\$0	\$53,478	0.0%
02340 Coal Sev. Tax Shared Ssr	\$4,419,763	\$0	\$0	\$4,419,763	3.5%
02351 Water Project Lands Lease Acct	\$19,834	\$0	\$0	\$19,834	0.0%
02404 Water Project Loans	\$616,410	\$0	\$0	\$616,410	0.5%
02430 Water Right Appropriation	\$1,042,010	\$0	\$0	\$1,042,010	0.8%
02431 Water Adjudication	\$4,441,947	\$0	\$0	\$4,441,947	3.6%
02432 Oil & Gas Era	\$4,018,135	\$0	\$0	\$4,018,135	3.2%
02433 Grazing District Fees	\$48,652	\$0	\$0	\$48,652	0.0%
02449 Forest Resources-forest Improv	\$2,245,305	\$0	\$0	\$2,245,305	1.8%
02470 State Project Hydro Earnings	\$2,657,837	\$0	\$0	\$2,657,837	2.1%
02490 Drinking Water Investment	\$400,000	\$0	\$0	\$400,000	0.3%
02576 Natural Resources Operations Ssr Fu	\$2,041,940	\$0	\$0	\$2,041,940	1.6%
02623 Contract Timber Harvesting	\$802,056	\$0	\$0	\$802,056	0.6%
02681 Historic Right-of-way Acct	\$24,778	\$0	\$0	\$24,778	0.0%
02694 Coal Bed Methane Protection	\$510,000	\$0	\$0	\$510,000	0.4%
02825 Water Well Contractors	\$174,375	\$0	\$0	\$174,375	0.1%
02912 Tlmd Land Exchange Admin	\$100,000	\$0	\$0	\$100,000	0.1%
02938 Tlmd - Administration	\$22,396,968	\$0	\$0	\$22,396,968	17.9%
02971 Srf Go Bond 2000f Tax Nps/rcb	\$9,000,000	\$0	\$0	\$9,000,000	7.2%
Federal Special Total	\$4,114,693	\$0	\$0	\$4,114,693	3.3%

03034 Yellowstone Groundwater Nps	\$46,000	\$0	\$0	\$46,000	0.0%
03094 Fema Federal Grants	\$410,897	\$0	\$0	\$410,897	0.3%
03149 Wpc Srf Fy06 Grant	\$136,259	\$0	\$0	\$136,259	0.1%
03152 Dw Srf Fy15 Grant	\$162,007	\$0	\$0	\$162,007	0.1%
03255 Csd Federal Indirect	\$530,294	\$0	\$0	\$530,294	0.4%
03356 Oil & Gas Federal	\$222,940	\$0	\$0	\$222,940	0.2%
03409 Wpc Srf Fy10 Grant	\$136,259	\$0	\$0	\$136,259	0.1%
03430 Dw Srf Fy14 Grant	\$162,007	\$0	\$0	\$162,007	0.1%
03471 Consolidated Grant Fy14	\$853,362	\$0	\$0	\$853,362	0.7%
03472 Non-consolidated Grant Fy14	\$300,000	\$0	\$0	\$300,000	0.2%
03483 Consolidated Grant Fy15	\$854,668	\$0	\$0	\$854,668	0.7%
03484 Non-consolidated Grant Fy15	\$300,000	\$0	\$0	\$300,000	0.2%
Proprietary Total	\$0	\$6,108,309	\$0	\$6,108,309	4.9%
06003 State Nursery Enterprise Fund	\$0	\$1,293,992	\$0	\$1,293,992	1.0%
06538 Air Operations Internal Svc.	\$0	\$4,814,317	\$0	\$4,814,317	3.9%
Total All Funds	\$118,563,694	\$6,108,309	\$200,000	\$124,872,003	100.0%
<b>Percent - Total All Sources</b>	<b>94.9%</b>	<b>4.9%</b>	<b>0.2%</b>		

## 5% Base Budget Reduction Form

[17-7-111-3\(f\)](#)

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

### Minimum Requirement

		Minimum Requirement	
		General Fund	State Special Revenue Fund
<b>TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET</b>		<b>\$ 1,081,698</b>	<b>\$ 908,734</b>
Priority	<b>SERVICE(S) TO BE ELIMINATED OR REDUCED</b>	General Fund	State Special Revenue Fund
		Annual Savings	Annual Savings
<b>1</b>	23-1 CARDD Program Cost Reductions	\$ 48,832	\$ 144,460
<b>2</b>	24-1 WRD Personal Services Savings	\$ 93,178	\$ 39,585
<b>3</b>	24-2 WRD Operating Budget Reduction	\$ 161,817	\$ 5,862
<b>4</b>	24-3 WRD Pay 1/2 of Dues to Western States Water Council and MORAST	\$ 42,500	\$ -
<b>5</b>	24-4 WRD Reduce Statewide Stream-Gaging Network	\$ 63,760	\$ -
<b>6</b>	24-5 WRD Efficiencies Due to RWRCC Admin Attached to WRD	\$ 40,000	\$ -
<b>7</b>	35-1-1 FD Eliminate three permanent positions, four engine crews and associated operating and capital in the fire proram and associated operating and capital.	\$ 353,080	\$ 167,401
<b>8</b>	35-1-2 FD Reduce one position and associated operating in forestry assistance program.	\$ 52,484	\$ 645
<b>9</b>	35-1-3 FD Reduce one position in the business management/administrative bureau and reduce fixed cost obligations associated with fire and forestry assistance FTE reductions.	\$ 71,570	\$ -
<b>10</b>	35-2-1 TLMD Reduce General Fund Costs	\$ 3,327	\$ -
<b>11</b>	35-2-2 TLMD Reduce Trust Admininstrative Program Costs	\$ -	\$ 448,336
<b>12</b>	35-2-3 TLMD Reduce Land Bank Program Costs	\$ -	\$ 50,000
<b>13</b>	21-1 CSD Operating Cost Reductions	\$ 151,150	\$ 52,445
<b>TOTAL SAVINGS</b>		<b>\$ 1,081,698</b>	<b>\$ 908,734</b>
<b>DIFFERENCE</b>		<b>-</b>	<b>-</b>

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

The reduction of funding for the operations of the Conservation and Resource Development Division will reduce the state's support to conservation districts and other local governments. The operations would be trimmed in several ways; for example, by reduction in travel, forgoing the purchase of equipment scheduled for replacement and depending on the amount of the cut, a reduction in staff. Also, the assistance to local government with natural resource projects would be reduced or cause delays in projects in process.

Pass-through funding for a variety of organizations would be reduced from their 2012 level. These include: Dry Prairie, North Central Water, Central Montana and Dry Red Water Regional Water Systems, Missouri and Yellowstone River Councils, Watershed Groups, Conservation Districts, Montana Salinity Control, and others would have their current funding reduced.

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$48,832 in the general fund and \$144,460 in state special revenue funds in both FY14 and FY15

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Reductions to operations, such as travel, contracted services, equipment purchases, reductions of a position in the division, reduction in the award of grants to local government entities would result in less technical and financial services to projects and communities. The project oversight would be delayed and may not take place. Projects may not move forward and in communities with health and safety issues may not be completed.

1. The Grass Commission would have to reduce their administrative costs, such as travel and perhaps cut back the hours of the executive secretary. Services to ranchers and permit fees will be reduced. Due to location of districts, board members travel long distances. There is litigation pending at this time, which may take up large parts of the budget. Public land grazing is in a crisis situation for the permittees.

2. The river councils and watershed groups would reduce work in administrative support and board member travel to accommodate the reduction. The council may not be able to access their federal funds.

3. A reduction to the North Central Montana and Dry Prairie and Dry Red Regional Water Authorities would impact the authorities' ability to work with the U.S. Congress for completion of authorization of the project as well as appropriations for construction of the Water Systems.

4. Salinity control would have to reduce their operations and field work.

5. Conservation Districts would have to reduce their field work and it may take more time to approve permits.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

The funding of some of these activities could possibly be replaced by state special revenue (RIT) funds, depending on available funding within the Natural Resource Operating Account.

The Grass Commission would need to travel less and have meetings by conference call. The river councils will ask for additional federal funding.

Some of these groups may be able to get some other funding. For most of these groups the reduced funding will cause reduced services or no services. There may not be funds to match other funding sources. Projects may not move forward. In some cases, water and wastewater systems do not get the help to fix problems.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes for some of these groups. Grass Commission through 76-16-101 MCA.

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Generate vacancy savings by leaving positions vacant

**#2 THE SAVINGS THAT ARE EXPECTED:**

This will generate \$93,178 in general fund and \$39,585 in state special revenue annually.

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

A reduction of 1.0 FTE may result in delays in services and the inability to provide some services to the public.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Other staff will have to try to absorb the workload.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduce Division operating budgets (mainly contracted services, travel)

**#2 THE SAVINGS THAT ARE EXPECTED:**

General fund savings of \$161,817 and state special revenue savings of \$5,863 annually would be generated

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

May impact staff workload and result in some services cuts. Work units will have very little unrestricted funds for field supplies, travel for field work, training or minor equipment. In addition, the replacement of computers will be delayed.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**  
Some of the services provided through contracted services may be able to be absorbed by the WRD staff; however the division has 14.95 less FTE than last biennium.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**  
No

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Eliminate annual dues to Western States Water Council and MoRAST.

**#2 THE SAVINGS THAT ARE EXPECTED:**

This would save \$42,500 in general fund annually.

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Montana would lose its tie with two major water resources policy-making associations – WSWC and MORAST. With changing and increasing demands on limited water resources, complicated by an increasingly complex overlay of federal laws and regulations, the importance of cooperative efforts and exchanges by and among states and tribes has likewise been magnified.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

No way to mitigate impact

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduce statewide stream-gaging network that is matched cost-shared with the US Geological Survey

**#2 THE SAVINGS THAT ARE EXPECTED:**

General fund savings of \$63,760 annually

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Reduce the ability of hydropower facilities; reservoir operators; irrigators; local, state and federal agencies; local watershed groups and water right holders to: calculate water supply and availability, regulate water rights, establish and mitigate drought impacts, establish viable water diversion scheduling, determine reservoir and hydropower operations, manage fisheries and recreation, and forecast and mitigate the impacts of floods.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Apply for private grants each year to match against the USGS federal funds

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes - 85-1-203, MCA

## 5% Base Budget Reduction Form

**AGENCY CODE & NAME:**

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

RWRCC will be administratively attached to WRD in the 2015 biennium. Efficiencies can be gained through the administrative staff and resources provided at WRD.

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$40,000 in general fund annually

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

There should be minimal impact

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No

## 5% Base Budget Reduction Form

**AGENCY CODE & NAME:**

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Eliminate 3 permanent positions, four engine crews and associated operating and capital in the fire program.

**#2 THE SAVINGS THAT ARE EXPECTED:**

The cost savings would be \$353,080 in general fund and \$167,401 in SSR (02039).

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

- Reduction in the capability of the DNRC to suppress wildfires during initial attack. This will likely affect DNRC's ability to meet the program goal of suppressing 95% of all fires at 10 acres or less.
- Potential for increased suppression costs. Existing crews may be worked in an overtime status to provide adequate coverage and complete the suppression workload.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

- Impacts could be partially mitigated by transferring remaining workload to remaining staff and hiring resources as needed from contractors or cooperating agencies.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Fire & Aviation Management: Yes. 76-11-101 MCA

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduce one position and associated operating in the forestry assistance program

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$52,484 in general fund and \$645 in SSR (02073)

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

One less service forester would be available for forest practices administration and landowner assistance.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Private landowners would receive less private forestry assistance unless workload could be transferred to other service foresters.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Forestry Assistance: Yes. 76-13-401-415 MCA & 77-5-301-307 MCA

## 5% Base Budget Reduction Form

**AGENCY CODE & NAME:**

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduce one position in the business management/administrative function and reduce fixed cost obligations associated with fire and forestry assistance FTE reductions.

**#2 THE SAVINGS THAT ARE EXPECTED:**

\$71,570 in general fund.

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

This reduction would reduce the budget, fiscal and administrative assistance that is provided on a statewide level for all programs. Additionally, fixed cost obligations would be reduced as a result of associated FTE reductions in the fire and forestry assistance programs.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Some of the impacts could be mitigated by hiring contracted service providers.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No.

**5% Base Budget Reduction Form**

**AGENCY CODE & NAME:**

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

The Trust Land Management Division would make reductions in operating and equipment costs. In addition, the division would leave positions vacant longer in order to meet the target reduction, if necessary. Contracted services, temporary seasonal work contracts, travel, computers, and training would be reduced as part of the plan.

a) Trust Land Administration - reduction of \$42,960. This program includes administrative personnel that support the other programs across the state. Fixed costs, capital equipment, and division operating costs are included in this program.

b) Agriculture and Grazing Management - reduction of \$70,376. The program is involved with surface acre leasing for agriculture and grazing, as well as, weed management, recreational use, and adjudication of water rights. Reductions in this program would impact weed management, and recreational use.

c) Minerals Management - reduction of \$20,000. The program leases subsurface acres of the mineral estate, oil and gas leasing, coal, and gravel permits, etc. Reductions would be taken in bureau leasing operations and in operating budgets for the six field offices in the minerals program.

d) Real Estate Management - Reduction of \$77,000. The program would reduce operating expenses in commercial leasing, commercial development projects and contracted services across the state.

e) Forest Management - reduction of \$238,000. This program manages timber product sales, forest inventory, road maintenance, forest service cost share projects, and the Habitat Conservation Plan. The program would reduce contracted services, specifically, timber sale preparation assistance, reduce the amount of Forest Inventory completed, reduce soil and stream monitoring, and training for employees.

## **#2 THE SAVINGS THAT ARE EXPECTED:**

Savings of \$448,336 in state special revenue funding - Trust Administration Account fund 02938

## **#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

A reduction in capital equipment, which is mostly vehicles needed for field work, would result in field staff keeping vehicles longer before replacement. Older vehicles have increased maintenance and fuel costs.

A reduction in operations would impact the following areas:

- Reductions in contracted services, impact all programs, due to trust lands contracting for weed spraying, survey work for commercial development, cabin sites, forest inventory work, road maintenance, bridge repairs, land appraisals, and many other activities.

- The forest management program uses contracts for seasonal timber work and surveys.

Extensive operation reductions could reduce the amount of timber harvested, thereby reducing timber revenues to the trust beneficiaries. Tree related services, namely tree thinning and road maintenance reductions have a long-term impacts on forest health, rehabilitation and erosion control.

- Minerals Management bureau would reduce operations in the Royalty Auditor program, which would impact the amount of royalty revenue collected during the year. The bureau would also reduce the contracts for professional consultant services on riverbeds, which would restrict resources needed to analyze and defend state ownership of islands in navigable rivers.

Reductions would also impacted the ability to cover expenses for large oil and gas lease auctions and oversight of well activities.

- In the Ag and Grazing Management Program, the bureau would reduce the number of weed control projects in the field offices and the use of agency legal services in water adjudication cases to defend trust land water rights. These reductions have the ability to impact the productivity of the land.

- The Real Estate Management Program would limit the number of contracts for commercial lease development and administration for land exchanges, land banking and acquisitions. This would have a direct impact on the program's ability to generate revenue for the trust beneficiaries.

## **#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

No mitigation

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

The Trust Land Management Division has minimal general fund and has mostly state special revenue. The small amount of general fund is used for funding 1 FTE in the non trust land program and also for funding ITSD fixed costs of the division. The non-trust FTE is involved in managing other agency lands, including the sale of those lands on behalf of other state agencies, includes Department of public health, department of transportation, etc. These lands are not part of the trusts and are paid for by general fund.

**#2 THE SAVINGS THAT ARE EXPECTED:**

Savings in general fund of \$3,327

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

A reduction in funding in the non-trust FTE program would result in the decrease in personal services and operations for this position. DNRC would not be able to handle as many transactions on behalf of other state agencies with respect to sales and land management. The management functions would need to be shifted back to the agencies that own the land. ITSD fixed costs would need to be paid from Trust Administration Account funding, which reduces the amount of operations budget available for trust land management field activities.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

None

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

The State Special Revenue Account for the Land Bank Program, reflects spending authority for the private funds obtained for land sales. Individuals who desire to purchase land from the state pay for appraisals, archeological surveys, advertising and title work prior to the land sale. The SSR Account for the land bank holds the authority to spend the private funds.

**#2 THE SAVINGS THAT ARE EXPECTED:**

Land Bank Account fund 02031 savings of \$50,000.

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Reductions in the Land Bank spending authority would mean that the division would need to seek spending authority of private funds for this program from the budget office as needed prior to expending funds on appraisals, advertising etc. for land bank sales.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

None.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No

## 5% Base Budget Reduction Form

### AGENCY CODE & NAME:

5706/Department of Natural Resources & Conservation

**#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Centralized Services Division would propose to eliminate operating costs in contracted services, supplies & materials, and minor computers.

**#2 THE SAVINGS THAT ARE EXPECTED:**

General fund savings of \$151,150 and State Special Revenue Fund savings of \$52,445.

**#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Centralized Services Division is currently understaffed and already has difficulty serving the five other divisions within DNRC in the areas of Information Technology, Human Resources, Financial and Legal. This reduction of operating costs will exacerbate the existing stress on remaining staff.

**#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Centralized Services Division would need to postpone services provided to the DNRC divisions. As a result, the divisions will have more difficulty accomplishing their duties.

**#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes-The agency is required to comply with the Montana Operations Manual (MOM) Policies and Procedures, the Governmental Accounting Standards Board (GASB) accounting and financial reporting, Generally Accepted Accounting Principles (GAAP), Equal Employment Opportunity Commission (EEOC) regulations (per Title VII of the Civil Rights Act of 1964), Family Medical Leave Act (FMLA), Fair Labor Standards Act (FLSA), the Montana Procurement Act and the Level Two Procurement Delegation Agreement between the Department of Administration and the Department of Natural Resources and Conservation.

## **Department of Natural Resources and Conservation 2015 Biennium Goals and Objectives** Page 1

**Agency Mission: To ensure Montana's land and water resources provide benefits for present and future generations.**

### **Director's Office (Centralized Services Division)**

**Goal:** Increase efficiency in Department of Natural Resources and Conservation (DNRC) operations by reducing costs and inefficiencies related to current storage, access, and management practices in dealing paper and electronic records (data).

**Objective:** Actively train all DNRC managers in records management laws and practical management techniques so that training can carry over to staff and program management. Fund implementation of a comprehensive agency-wide records management and imaging program using an enterprise/electronic content management (ECM) approach to records and data access and retention.

**Goal:** Improve areas of service Human Resources Office provides such as compensation, performance evaluation, payroll administration, classification, training, succession planning, and Fair Labor Standards Act reviews so that they better support the business needs of the agency and are in compliance with federal and state laws, rules and regulations.

**Objective:** -Convert to web-based performance management system.

-Develop New Employee Orientation.

-Revise recruitment and selection process (policy and forms).

**Goal:** Continue to offer the full day "Basic Purchasing" training to DNRC employees.

**Objective:** Keep all employees apprised of the procurement and contracting policies of DNRC.

**Goal:** Update DNRC Procurement and Contracting Manuals and Forms.

**Objective:** Review and update all procurement and contracting procedures and forms used by DNRC employees.

**Goal:** Improve monthly and year-end payment processing

**Objective:** Implement a process for submitting invoices in a timely manner, work with agency divisions to improve communication of information, expand training and discussion with division staff, and minimize B-Accruals at fiscal year end.

**Goal:** Ensure that the department's fiscal management practices are consistent with "Generally Accepted Accounting Principles" (GAAP).

**Objective:** Work with Dept. of Administration State Accounting Division to implement accounting for new or modified programs, work with agency divisions to improve communication of information required for accounting entries, and minimize or eliminate findings and recommendations on financial audits.

**Goal:** Upgrade technology infrastructure and applications in the agency as allowed by staff and budget.

**Objective:** Provide high-quality IT support to staff; expand use of help desk and asset management software to better meet agency needs; research and deploy as appropriate Windows 7 and Office 2010; analyze existing data and systems infrastructure and where appropriate, implement improvements to achieve coordinated, robust, maintainable, scalable, and secure infrastructure.

## **Department of Natural Resources and Conservation 2015 Biennium Goals and Objectives** Page 2

**Director's Office (Centralized Services Division)**

**(Continued)**

**Goal:** Expand development of Geographic Information System (GIS) services for DNRC and its constituents.

**Objective:** Develop at least one new service with a GIS component for use in state government or by constituents, improve GIS staff training, upgrade ArcGIS clients to version 10.x, and develop new GIS applications to meet agency needs.

**Goal:** Pursue use of mobile technologies.

**Objective:** Research and deploy as appropriate a mobile device management solution, develop internal skills in mobile application development, and develop at least one new mobile application to meet agency needs.

**Goal:** Expand agency information available over the internet and access to eGovernment services available to the public.

**Objective:** Develop one new eGovernment service for DNRC each year of the Biennium, redesign DNRC web site, and continue exploring the use of social media for public outreach.

**Goal:** Improve alignment between agency business requirements and information technology services.

**Objective:** Develop and implement an information technology governance structure. **Department of**

**Natural Resources and Conservation 2015 Biennium Goals and Objectives** Page 3

## **Board of Oil & Gas Conservation Division**

**Goal:** Issue drilling permits

**Objective:** Conduct Montana Environmental Policy Act (MEPA) compliance review and prepare documentation for each requested permit, and identify non-conforming permit requests that require approval by the Board of Oil and Gas Conservation (BOGC)

**Goal:** Conduct public hearings to promote conservation, prevent waste and protect correlative rights for oil and gas operations

**Objective:** Provide notice, publish docket, write orders, conduct business meeting prior to hearing, and propose and adopt rules pursuant to Montana Administrative Procedures Act

**Goal:** Operate well bonding program

**Objective:** Maintain records on current operator bonds, approve new bonds, submit forfeiture paperwork and monitor receipt of funds

**Goal:** Collect, catalog, and maintain oil and gas well information and production data, associated geological data, well logs statistical information, and summary data for use by the public and the industry.

**Objective:** Maintain existing database and well files, process new well data, process production reports, publish and distribute the Montana Oil and Gas Annual Review, maintain a core chip catalog on existing wells and add new wells, and

maintain regional and field maps by adding new wells and updating status changes

**Goal:** Operate a field inspection program to ensure compliance with BOGC rules

**Objective:** Resolve complaints, gather accurate field information for use by the board and staff in making decisions, conduct inspections on drilling wells, producing wells, plugged and abandoned wells, and seismic exploration crews, respond to complaints and provide emergency response for spills, leaks, and other environmental problems, and provide recommendations for enforcement actions

**Goal:** Administer the Underground Injection Control Program delegated by the U.S. Environmental Protection Agency (EPA) for the protection of groundwater through regulation of waste disposal and enhanced recovery injection wells.

**Objective:** Regulate the operations of existing injection wells, issue new injection well permits, conduct well inspections and witness pressure tests, and maintain statistics and enforcement records per memorandum of

understanding with the EPA.**Department of Natural Resources and Conservation 2015**

**Biennium Goals and Objectives** Page 4

## **Conservation and Resources Development Division**

**Goal:** Support Conservation District (CD) duties

**Objective:** Provide assistance to 58 CDs through technical, financial, administrative, and educational services. Increase the number of CDs applying for and receiving grants funds.

**Goal:** Improve Watersheds in the State

**Objective:** Inventory and assess the watersheds throughout the state. Cooperate with DNRC Water Resources Division in implementation of Watershed Group support.

**Goal:** Provide Water and Wastewater Infrastructure in the State

**Objective:** Improve water and wastewater resources through the loan program to construct and rehabilitate treatment systems. Assist Rural Water groups to gain Federal authorization and funding.

**Goal:** Rehabilitate and Protect Resources

**Objective:** Fund projects where a natural resource has been harmed or to prevent damage. These are natural resources such as land or water. The Reclamation program leverages financial resources to remediate environmental hazards, for example, plug abandoned oil and gas wells or rehabilitate mining sites that will stop toxins getting into aquifers.

**Goal:** Protect and Develop Natural Resources

**Objective:** Fund projects where a natural resource can be used more efficiently and become sustainable. Develop and implement databases and e-government applications to support natural resource protection and

development.**Department of Natural Resources and Conservation 2015 Biennium Goals and Objectives** Page 5

## **Water Resources Division**

**Goal:** Promote the wise use and conservation of Montana's water resources.

**Objective:** Water Rights/New Appropriations: Ensure that all water right forms received are processed timely and accurately. Ensure permit and change application processing is within statutory deadlines to send deficiency letters within 180 days of receipt of the applications and issue preliminary determinations within 120 days of a correct and complete application. Program manager staff will review all preliminary determinations to ensure applications are processed consistently and administrative rules, policies and procedures are followed.

**Objective:** Water Rights/Adjudication: Ensure statutory claim examination benchmark of 57,000 claims is met by June 30, 2015. Ensure examination/post decree assistance complies with Montana Supreme Court Rules by conducting ongoing review.

**Objective:** State Projects: Acting as the owner, protect the water rights and manage state-owned water storage projects (25 dams and 250 miles of canals) to maximize economic and water use benefits while ensuring these high hazard projects are maintained to current engineering standards and compliant with the State Dam Safety Act. This will be measured by performing four to six operating permit inspections annually; conducting annual inspections on all water storage projects; identifying, designing and overseeing minor and major repairs as necessary; managing one major rehabilitation effort per biennium as funding allows; operating the Broadwater-Toston hydropower facility at 95+% efficiency; and continue ongoing prioritization of repair and rehabilitation projects.

**Objective:** Water Management: Provide water resource related information, technical assistance, and planning support to aid decision making and policy development supporting the conservation, development, utilization and sustainability of the state's water resources. This will be measured by commencing the Montana State Water Planning process in the Clark Fork, Missouri, and Yellowstone basins, holding up to 2 training workshops for court appointed water commissioners, holding up to 4 educational workshops to improve the public's understanding of the rules and regulation that govern water use in MT, and achieving 85% completion on the StreamStats project.

**Objective:** Water Operations: Ensure the timeliness and competency of the statutory duties of the department for regulation of high hazard dams, construction requirements of water wells, licensing of water well contractors, designation of chronically dewater streams, and technical support of local governmental floodplain management programs.

**Department of Natural Resources and Conservation 2015 Biennium Goals and Objectives** Page 6

**Water Resources Division**

**(Continued)**

**Objective:** Compact Implementation: provide technical and legal support for implementation of future and previously approved compacts. This includes assisting with federal ratification, assisting the Water Court with the decree process, technical support to Tribes and agencies, archiving of records, and meeting reporting requirements.

**Department of Natural Resources and Conservation 2015 Biennium Goals and Objectives** Page 7

## **Forestry Division**

**Goal:** Ensure sustainability of Montana forests, rural lands, and communities through cooperative wildland fire protection, sound forest management practices, and by promoting a viable forest-based economy.

**Objective:** Through leadership and service to communities and forest landowners, promote sustainable forests and watersheds for the benefit of all Montanans.

- a. Administer over \$6 million in Fiscal Year (FY) 13 federal grants for state and private forestry projects;
- b. Provide data from Montana's Statewide Assessment of Forest Resources to land managing agencies to promote high-priority forest management opportunities statewide.
- c. Conduct aerial detection surveys and provide assistance with Montana's mountain pine beetle outbreak;
- d. Produce and sell 1 million seedlings for conservation plantings;
- e. Recognize Arbor Day and issue 44 Tree City USA awards, and \$140,000 in grants to communities;
- f. Administer the slash hazard reduction law through management of 3000+ hazard reduction agreements;
- g. Monitor Forestry Best Management Practices (BMPs) through audit of 45 sites and report results by December, 2014;
- h. Provide approximately 750 forestry technical assists to forest landowners and 70 educational opportunities to over 2100 participants.
- i. Work with Montana's forest industry partners to maintain our integrated forest products industry and work with partners to develop and promote new forest biomass utilization opportunities.

**Objective:** Provide leadership and coordination to Montana's wildland fire services, accomplished through wildland fire prevention, training, preparedness, and safe, aggressive fire suppression actions to protect lives, property and natural resources:

- a. Suppress at least 95% of all direct protection fires at 10 acres or less;
- b. Conduct training courses for 2,100 firefighters statewide;
- c. Develop Type 2 incident management capability;
- d. Maintain aviation program of 10 aircraft with pilots, mechanics, and crews for fire suppression efforts;
- e. Ensure maintenance of 60 DNRC wildland fire engines, and 400+ engines and other fire equipment loaned to counties under the County Co-Op Fire Protection Program;
- f. Develop 19 new wildland fire engines annually for use by DNRC and/or local government fire departments;
- g. Support statewide fire prevention programs, including Keep Montana Green, FireSafe Montana, Ready, Set, Go!, and Fire Ready Montana;
- h. Investigate all human-caused fires and bill for suppression costs as appropriate;
- i. Maintain a state-wide radio system to include mobile and portable radios, dispatch center base stations, and mountain top repeaters.

## **Department of Natural Resources and Conservation 2015 Biennium Goals and Objectives** Page 8

**Forestry Division  
(Continued)**

- j. Update and maintain wildland fire protection boundary data per the Montana Cooperative Fire Management Agreement.
- k. Administer the Volunteer Fire Assistance grant program.

**Objective:** Enhance organizational effectiveness and accountability through appropriate development and implementation of accounting, internal control, and information technology procedures by accomplishing the following:

- a. Continue refining fire financial software data and procedures.
- b. Coordinate business operations with Trust Land Management Division, including budget allocation, EPP, financial monitoring and analysis.
- c. Administer facility maintenance and long range building activities for statewide Forestry and Trust Land Management Division offices.

2015 Biennium Report on Internal Service and Enterprise Funds

CAFR Fund  
60509

Fund	Fund Name	Agency #	Agency Name	Program Name			
06003	State Nursery Enterprise Fund	57060	Department of Natural Resources and	Forestry/Trust Lands Division			
			Actual	Actual	Actual	Budgeted	Budgeted
			FY10	FY11	FY12	FY13	FY14
							Budgeted
							FY15
<b>Operating Revenues:</b>							
Fee revenue							
	Revenue from Nursery Sales		623,816	462,692	722,990	332,091	323,441
	Revenue from Nursery Services		-	-	-	200,517	549,447
	Revenue from Misc. Nursery Income		16,100	-	7,643	7,505	4,000
	Revenue from Fee E		-	-	-	-	-
	Revenue from Fee F		-	-	-	-	-
	Net Fee Revenue		639,916	462,692	730,633	540,113	876,888
	Investment Earnings		-	-	-	-	-
	Securities Lending Income		-	-	-	-	-
	Premiums		-	-	-	-	-
	Other Operating Revenues		26	30	-	-	-
	Total Operating Revenue		639,942	462,722	730,633	540,113	876,888
<b>Operating Expenses:</b>							
	Personal Services		444,654	445,783	428,348	492,944	461,332
	Other Operating Expenses		277,809	173,754	139,105	296,530	185,182
	Total Operating Expenses		722,463	619,537	567,453	789,474	646,514
	Operating Income (Loss)		<b>(82,521)</b>	<b>(156,815)</b>	<b>163,180</b>	<b>(249,361)</b>	<b>230,374</b>
<b>Nonoperating Revenues (Expenses):</b>							
	Gain (Loss) Sale of Fixed Assets		-	-	-	-	-
	Federal Indirect Cost Recoveries		-	-	-	-	-
	Other Nonoperating Revenues (Expenses)		-	-	-	-	-
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-
	Income (Loss) Before Operating Transfers		(82,521)	(156,815)	163,180	(249,361)	230,374
	Contributed Capital		3,600	-	-	-	-
	Operating Transfers In (Note 13)		-	-	-	-	-
	Operating Transfers Out (Note 13)		-	-	-	-	-
	Change in net assets		(78,921)	(156,815)	163,180	(249,361)	230,374
	Total Net Assets- July 1 - As Restated		(33,205)	(103,231)	(260,047)	(96,867)	(346,228)
	Prior Period Adjustments		8,895	(1)	-	-	-
	Cumulative effect of account change		-	-	-	-	-
	Total Net Assets - July 1 - As Restated		(24,310)	(103,232)	(260,047)	(96,867)	(346,228)
	Net Assets- June 30		<b>(103,231)</b>	<b>(260,047)</b>	<b>(96,867)</b>	<b>(346,228)</b>	<b>(115,854)</b>
	60 days of expenses (Total Operating Expenses divided by 6)		120,411	103,256	94,575	131,579	107,752

Requested Rates for Internal Service Funds						
Fee/Rate Information for Legislative Action						
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Revenue from Nursery Sales	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*
Revenue from Nursery Services	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*

Authority  
HB2-2005 SESSION  
HB2-2005 SESSION

\*Rate Explanation:  
The price of each seedling type is set at the end of the previous fiscal year. Prices are based on the actual production costs for each seedling type. The variables involved in seedling production include seedling stock type (bareroot vs. container), seed cost, propagation difficulty, cull rates, seedling age class, quantity produced, equipment costs, labor costs, and overhead charges. Given these variables, each of the 125-plus seedling types can have a different price, and the price must be adjusted annually to account for changes in fixed and variable costs.

2015 Biennium Report on Internal Service and Enterprise Funds

CAFR Fund  
60509

Fund	Fund Name	Agency #	Agency Name	Program Name			
06003	State Nursery Enterprise Fund	57060	Department of Natural Resources and	Forestry/Trust Lands Division			
			Actual	Actual	Actual	Budgeted	Budgeted
			FY10	FY11	FY12	FY13	FY14
							Budgeted
							FY15
<b>Operating Revenues:</b>							
Fee revenue							
	Revenue from Nursery Sales		623,816	462,692	722,990	332,091	323,441
	Revenue from Nursery Services		-	-	-	200,517	549,447
	Revenue from Misc. Nursery Income		16,100	-	7,643	7,505	4,000
	Revenue from Fee E		-	-	-	-	-
	Revenue from Fee F		-	-	-	-	-
	Net Fee Revenue		639,916	462,692	730,633	540,113	876,888
	Investment Earnings		-	-	-	-	-
	Securities Lending Income		-	-	-	-	-
	Premiums		-	-	-	-	-
	Other Operating Revenues		26	30	-	-	-
	Total Operating Revenue		639,942	462,722	730,633	540,113	876,888
							779,000
<b>Operating Expenses:</b>							
	Personal Services		444,654	445,783	428,348	492,944	461,332
	Other Operating Expenses		277,809	173,754	139,105	296,530	185,182
	Total Operating Expenses		722,463	619,537	567,453	789,474	646,514
							647,478
	Operating Income (Loss)		(82,521)	(156,815)	163,180	(249,361)	230,374
							131,522
<b>Nonoperating Revenues (Expenses):</b>							
	Gain (Loss) Sale of Fixed Assets		-	-	-	-	-
	Federal Indirect Cost Recoveries		-	-	-	-	-
	Other Nonoperating Revenues (Expenses)		-	-	-	-	-
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-
	Income (Loss) Before Operating Transfers		(82,521)	(156,815)	163,180	(249,361)	230,374
							131,522
	Contributed Capital		3,600	-	-	-	-
	Operating Transfers In (Note 13)		-	-	-	-	-
	Operating Transfers Out (Note 13)		-	-	-	-	-
	Change in net assets		(78,921)	(156,815)	163,180	(249,361)	230,374
							131,522
	Total Net Assets- July 1 - As Restated		16,166	(53,860)	(210,676)	(47,496)	(296,857)
	Prior Period Adjustments		8,895	(1)	-	-	-
	Cumulative effect of account change		-	-	-	-	-
	Total Net Assets - July 1 - As Restated		25,061	(53,861)	(210,676)	(47,496)	(296,857)
	Net Assets- June 30		(53,860)	(210,676)	(47,496)	(296,857)	(66,483)
							65,039
	60 days of expenses						
	(Total Operating Expenses divided by 6)		120,411	103,256	94,575	131,579	107,752
							107,913

Requested Rates for Internal Service Funds						
Fee/Rate Information for Legislative Action						
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Revenue from Nursery Sales	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*
Revenue from Nursery Services	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*

Authority  
HB2-2005 SESSION  
HB2-2005 SESSION

\*Rate Explanation:  
The price of each seedling type is set at the end of the previous fiscal year. Prices are based on the actual production costs for each seedling type. The variables involved in seedling production include seedling stock type (bareroot vs. container), seed cost, propagation difficulty, cull rates, seedling age class, quantity produced, equipment costs, labor costs, and overhead charges. Given these variables, each of the 125-plus seedling types can have a different price, and the price must be adjusted annually to account for changes in fixed and variable costs.

2015 Biennium Report on Internal Service and Enterprise Funds

CAFR Fund  
60509

Fund	Fund Name	Agency #	Agency Name	Program Name			
06003	State Nursery Enterprise Fund	57060	Department of Natural Resources and	Forestry/Trust Lands Division			
			Actual	Actual	Actual	Budgeted	Budgeted
			FY10	FY11	FY12	FY13	FY14
							Budgeted
							FY15
<b>Operating Revenues:</b>							
Fee revenue							
	Revenue from Nursery Sales		623,816	462,692	722,990	332,091	323,441
	Revenue from Nursery Services		-	-	-	200,517	549,447
	Revenue from Misc. Nursery Income		16,100	-	7,643	7,505	4,000
	Revenue from Fee E		-	-	-	-	-
	Revenue from Fee F		-	-	-	-	-
	Net Fee Revenue		639,916	462,692	730,633	540,113	876,888
	Investment Earnings		-	-	-	-	-
	Securities Lending Income		-	-	-	-	-
	Premiums		-	-	-	-	-
	Other Operating Revenues		26	30	-	-	-
	Total Operating Revenue		639,942	462,722	730,633	540,113	876,888
							779,000
<b>Operating Expenses:</b>							
	Personal Services		444,654	445,783	428,348	492,944	461,332
	Other Operating Expenses		277,809	173,754	139,105	296,530	185,182
	Total Operating Expenses		722,463	619,537	567,453	789,474	646,514
							647,478
	Operating Income (Loss)		<b>(82,521)</b>	<b>(156,815)</b>	<b>163,180</b>	<b>(249,361)</b>	<b>230,374</b>
							<b>131,522</b>
<b>Nonoperating Revenues (Expenses):</b>							
	Gain (Loss) Sale of Fixed Assets		-	-	-	-	-
	Federal Indirect Cost Recoveries		-	-	-	-	-
	Other Nonoperating Revenues (Expenses)		-	-	-	-	-
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-
	Income (Loss) Before Operating Transfers		(82,521)	(156,815)	163,180	(249,361)	230,374
							131,522
	Contributed Capital		3,600	-	-	-	-
	Operating Transfers In (Note 13)		-	-	-	-	-
	Operating Transfers Out (Note 13)		-	-	-	-	-
	Change in net assets		(78,921)	(156,815)	163,180	(249,361)	230,374
							131,522
	Total Net Assets- July 1 - As Restated		16,166	(53,860)	(210,676)	(47,496)	(296,857)
	Prior Period Adjustments		8,895	(1)	-	-	-
	Cumulative effect of account change		-	-	-	-	-
	Total Net Assets - July 1 - As Restated		25,061	(53,861)	(210,676)	(47,496)	(296,857)
	Net Assets- June 30		<b>(53,860)</b>	<b>(210,676)</b>	<b>(47,496)</b>	<b>(296,857)</b>	<b>(66,483)</b>
							<b>65,039</b>
	60 days of expenses						
	(Total Operating Expenses divided by 6)		120,411	103,256	94,575	131,579	107,752
							107,913

Requested Rates for Internal Service Funds						
Fee/Rate Information for Legislative Action						
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Revenue from Nursery Sales	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*
Revenue from Nursery Services	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*

Authority  
HB2-2005 SESSION  
HB2-2005 SESSION

\*Rate Explanation:  
The price of each seedling type is set at the end of the previous fiscal year. Prices are based on the actual production costs for each seedling type. The variables involved in seedling production include seedling stock type (bareroot vs. container), seed cost, propagation difficulty, cull rates, seedling age class, quantity produced, equipment costs, labor costs, and overhead charges. Given these variables, each of the 125-plus seedling types can have a different price, and the price must be adjusted annually to account for changes in fixed and variable costs.

**2015 Biennium Report on Internal Service and Enterprise Funds**

Fund	Fund Name	Agency #	Agency Name	Program Name
06538	Air Operation Internal Service	57060	Department of Natural Resources and	Forestry/Trust Lands Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
<b>Operating Revenues:</b>						
Fee revenue						
Revenue from Bell UH-1Hs	467,625	360,125	970,080	1,134,000	1,412,000	1,412,000
Revenue from Bell Jet Rangers	87,912	47,766	163,137	184,275	229,450	229,450
Revenue from Cessna 180 Series	43,365	30,345	67,785	99,225	123,550	123,550
Revenue from Fee E	-	-	-	-	-	-
Revenue from Fee F	-	-	-	-	-	-
Net Fee Revenue	598,902	438,236	1,201,002	1,417,500	1,765,000	1,765,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	1,236	934	-	-	-	-
Total Operating Revenue	600,139	439,169	1,201,002	1,417,500	1,765,000	1,765,000
<b>Operating Expenses:</b>						
Personal Services	1,120,672	1,178,476	1,098,777	1,130,242	1,137,551	1,137,886
Other Operating Expenses	820,335	659,201	1,096,445	858,244	1,267,516	1,271,364
Total Operating Expenses	1,941,006	1,837,676	2,195,222	1,988,486	2,405,067	2,409,250
Operating Income (Loss)	<b>(1,340,868)</b>	<b>(1,398,507)</b>	<b>(994,220)</b>	<b>(570,986)</b>	<b>(640,067)</b>	<b>(644,250)</b>
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	(2,123)	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(2,123)	-	-	-	-	-
Income (Loss) Before Operating Transfers	(1,342,990)	(1,398,507)	(994,220)	(570,986)	(640,067)	(644,250)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	1,218,390	1,228,444	1,336,352	1,331,665	1,323,797	1,317,694
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(124,600)	(170,063)	342,132	760,679	683,730	673,444
Total Net Assets- July 1 - As Restated	322,542	197,942	27,879	370,010	1,130,689	1,814,419
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	322,542	197,942	27,879	370,010	1,130,689	1,814,419
Net Assets- June 30	<b>197,942</b>	<b>27,879</b>	<b>370,010</b>	<b>1,130,689</b>	<b>1,814,419</b>	<b>2,487,863</b>
60 days of expenses (Total Operating Expenses divided by 6)	323,501	306,279	365,870	331,414	400,845	401,542
Working Capital (Per State Acctg Div.)	225,143	61,162	385,220			

<b>Requested Rates for Internal Service Funds</b>						
<b>Fee/Rate Information for Legislative Action</b>						
	Actual FY 10	Actual FY 11	Actual FY 12	Actual FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Bell UH-1H Helicopter	1,075.00	1,075.00	1,075.00	1,075.00	1,225.00	1,225.00
Bell Jet Ranger Helicopter	475.00	475.00	475.00	475.00	515.00	515.00
Cessna 180 Fixed Wing	150.00	150.00	150.00	150.00	175.00	175.00
<b>Rate Explanation:</b> Propose to increase flight rates for DNRC operated aircraft to meet increased costs of fuel and replacement parts. All funds are managed through an internal proprietary account to fund the operational costs of the program. Current rates are: UH-1H \$1,075/hr., Jet Ranger \$475/hr. Cessna \$150/ hr. Propose to raise rates for UH-1H to \$1,225/hr. , Jet Ranger to \$515/hr., and Cessna to \$175/hr.						

**2015 Biennium Report on Internal Service and Enterprise Funds**

Fund	Fund Name	Agency #	Agency Name	Program Name
06538	Air Operation Internal Service	57060	Department of Natural Resources and	Forestry/Trust Lands Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
<b>Operating Revenues:</b>						
Fee revenue						
Revenue from Bell UH-1Hs	467,625	360,125	970,080	1,134,000	1,412,000	1,412,000
Revenue from Bell Jet Rangers	87,912	47,766	163,137	184,275	229,450	229,450
Revenue from Cessna 180 Series	43,365	30,345	67,785	99,225	123,550	123,550
Revenue from Fee E	-	-	-	-	-	-
Revenue from Fee F	-	-	-	-	-	-
Net Fee Revenue	598,902	438,236	1,201,002	1,417,500	1,765,000	1,765,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	1,236	934	-	-	-	-
Total Operating Revenue	600,139	439,169	1,201,002	1,417,500	1,765,000	1,765,000
<b>Operating Expenses:</b>						
Personal Services	1,120,672	1,178,476	1,098,777	1,130,242	1,137,551	1,137,886
Other Operating Expenses	820,335	659,201	1,096,445	858,244	1,267,516	1,271,364
Total Operating Expenses	1,941,006	1,837,676	2,195,222	1,988,486	2,405,067	2,409,250
Operating Income (Loss)	<b>(1,340,868)</b>	<b>(1,398,507)</b>	<b>(994,220)</b>	<b>(570,986)</b>	<b>(640,067)</b>	<b>(644,250)</b>
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	(2,123)	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(2,123)	-	-	-	-	-
Income (Loss) Before Operating Transfers	(1,342,990)	(1,398,507)	(994,220)	(570,986)	(640,067)	(644,250)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	1,218,390	1,228,444	1,336,352	1,331,665	1,323,797	1,317,694
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(124,600)	(170,063)	342,132	760,679	683,730	673,444
Total Net Assets- July 1 - As Restated	322,542	197,941	27,878	370,010	1,130,689	1,814,419
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	322,542	197,941	27,878	370,010	1,130,689	1,814,419
Net Assets- June 30	<b>197,941</b>	<b>27,878</b>	<b>370,010</b>	<b>1,130,689</b>	<b>1,814,419</b>	<b>2,487,863</b>
60 days of expenses (Total Operating Expenses divided by 6)	323,501	306,279	365,870	331,414	400,845	401,542
Working Capital (Per State Acctg Div.)	225,143	61,162	385,220			

<b>Requested Rates for Internal Service Funds</b>						
<b>Fee/Rate Information for Legislative Action</b>						
	Actual FY 10	Actual FY 11	Actual FY 12	Actual FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Bell UH-1H Helicopter	1,075.00	1,075.00	1,075.00	1,075.00	1,225.00	1,225.00
Bell Jet Ranger Helicopter	475.00	475.00	475.00	475.00	515.00	515.00
Cessna 180 Fixed Wing	150.00	150.00	150.00	150.00	175.00	175.00
<b>Rate Explanation:</b> Propose to increase flight rates for DNRC operated aircraft to meet increased costs of fuel and replacement parts. All funds are managed through an internal proprietary account to fund the operational costs of the program. Current rates are: UH-1H \$1,075/hr., Jet Ranger \$475/hr. Cessna \$150/ hr. Propose to raise rates for UH-1H to \$1,225/hr. , Jet Ranger to \$515/hr., and Cessna to \$175/hr.						