



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

Tough decisions impacting Colorado's budget, as proposed by Governor Bill Ritter during meetings before the Joint Budget Committee 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 \$45 million from the program to the General Fund**

This will permanently reduce the fund by \$45 million and will be used to backfill the state's General Fund.

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 further notice in 2010.

- **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 received 10 applications and seven applicants have been invited to apply for the \$17 million, therefore moving 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 12** - letter of interest due to Executive Director Department of Local Affairs.
- **October 2** - two page pre-applications due.
- **November 2** - staff review and summary report submitted to Executive Director.
- **November 13** - Energy Impact Advisory Committee reviews pre-applications and provide recommendation to Executive Director.
- **November 20** - Executive director announces which local governments have been selected to submit a full application.
- **December 15** - full applications are due.
- **January 15** - staff review and project summary report submitted to Executive Director.
- **February 1** – Project Presentation by each applicant to the Impact Advisory Committee. Recommendations from the Impact Advisory Committee submitted to the Executive Director.
- **February 8** - Executive Director announces SB-09-232 awards.
- **Standard** contract management process and rules apply.

- **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