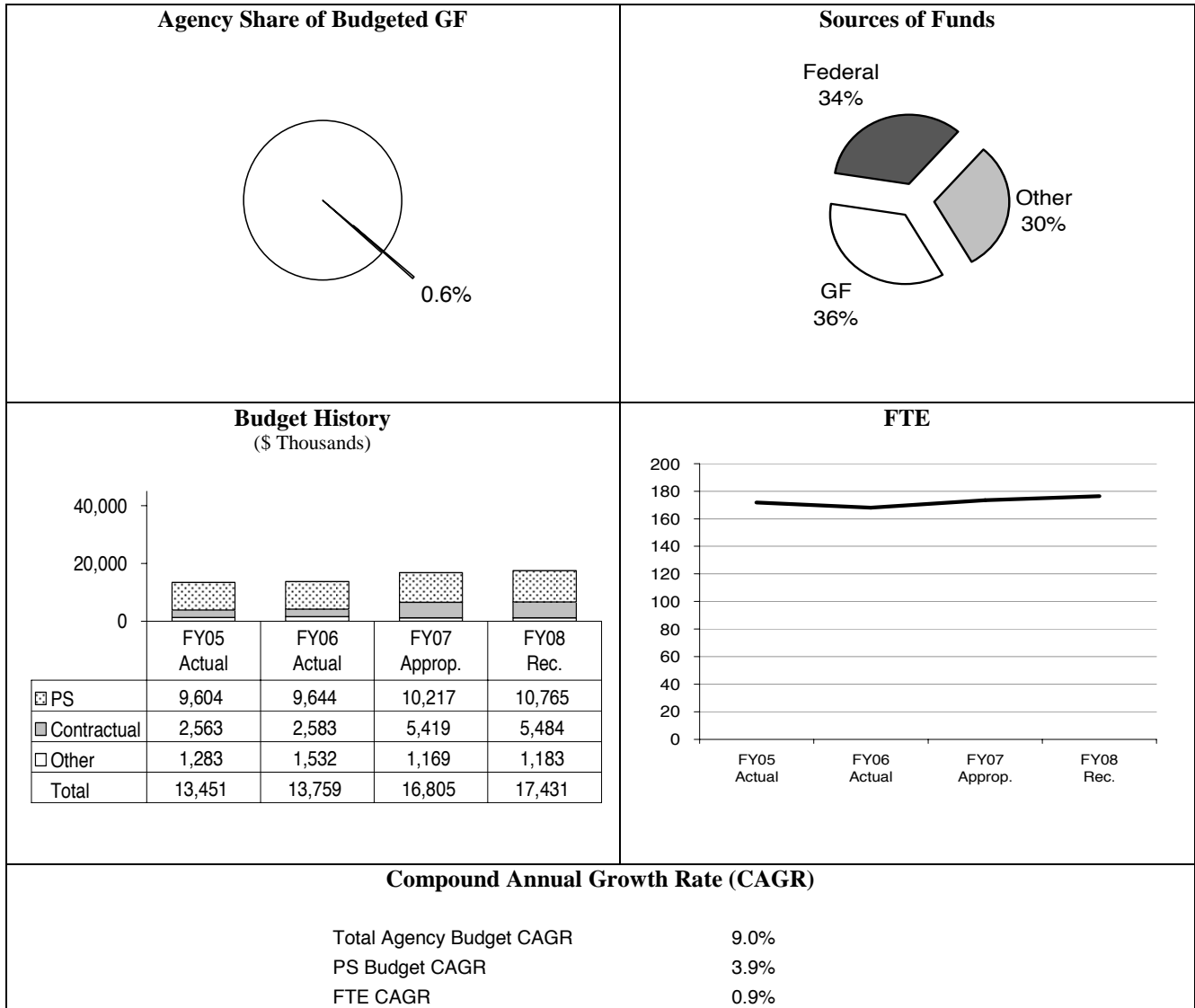


FY08 Budget Briefing

Environment and Natural Resources



Key Responsibilities

- To protect public health and the environment by providing natural resources assessment, financial assistance, and regulation in a manner that promotes a good business climate and exceeds the expectations of our customers.

Key Personnel

- Department Secretary, Steve Pirner
- Finance Officer, Rob Green

Environment and Natural Resources

For FY08, the Governor recommends an increase of \$626,008 from all funds and 3.0 FTEs from FY07. The FY08 recommended budget consists of \$6,263,707 from general funds, \$5,910,470 in federal fund expenditure authority, and \$5,256,622 in other fund expenditure authority, for a total budget of \$17,430,799 and 176.5 FTEs.

	Actual FY06	Budgeted FY07	Agency Req. FY08	Gov Rec. FY08	Inc/Dec FY08	% Change From FY07
Personal Services	9,643,572	10,217,352	10,407,512	10,764,573	547,221	5.4%
Travel	677,592	587,752	596,722	596,722	8,970	1.5%
Contractual Services	2,583,467	5,418,633	5,451,963	5,483,545	64,912	1.2%
Supplies & Materials	330,817	283,243	283,738	283,738	495	0.2%
Grants And Subsidies	166,490	108,000	108,000	108,000	-	0.0%
Capital Outlay	347,808	189,811	194,221	194,221	4,410	2.3%
Other	9,475	-	-	-	-	0.0%
Total	13,759,221	16,804,791	17,042,156	17,430,799	626,008	3.7%
Funding Types						
General	5,887,799	6,083,124	6,083,124	6,263,707	180,583	3.0%
Federal	5,326,512	5,640,034	5,774,399	5,910,470	270,436	4.8%
Other	2,544,910	5,081,633	5,184,633	5,256,622	174,989	3.4%
Total	13,759,221	16,804,791	17,042,156	17,430,799	626,008	3.7%
FTE	168.2	173.5	176.5	176.5	3.0	1.7%

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 3% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan.

	General Funds	Federal Funds	Other Funds	Total
2.5% PACE Movement	15,944	11,722	6,181	33,847
3% Across-the-Board	134,849	99,158	52,411	286,418
Health Insurance	17,280	12,468	7,048	36,796
Total	168,073	123,348	65,640	357,061

Major Expansions and Reductions

Budget Item	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
Environmental Services						
Personal Services	-	190,160	3.0	-	190,160	3.0
Contractual Services	-	33,330	0.0	7,631	52,595	0.0
Governor's Salary Policy	-	-	0.0	168,073	357,061	0.0
Total	-	223,490	3.0	175,704	599,816	3.0

Environmental Services:

➤ Personal Services- The agency requests an increase of \$118,221 in federal fund expenditure authority, \$71,939 in other fund expenditure authority and 3.0 FTEs for FY08. The increase includes:

- Air Quality Program- 2 FTEs- Natural Resources Engineer- \$53,380 in federal fund expenditure authority from an EPA air quality grant- (\$42,255 salary, \$11,125 benefits); Natural Resources Engineering Director- \$71,939 in other fund expenditure authority from air quality fees (\$58,566 salary, \$13,373 benefits): These positions are requested for the purpose of providing timely engineering reviews of air quality permit applications for new and expanding ethanol plants and other industrial and manufacturing plants that are bringing new jobs to meet the 2010 Initiative. The positions will ensure that new ethanol plants and existing ethanol plants will receive air quality permits so that they are capable of constructing or modifying their operations in a timely manner to meet the growing demand for ethanol, energy, and value added agricultural products.
- Surface Water Quality Program- 1 FTE- Natural Resources Engineering Specialist- \$64,841 in federal fund expenditure authority from an EPA 106 Grant (\$52,325 salary, \$12,513 benefits): This position is requested for the purpose of providing timely engineering reviews of "notices of intent for coverage" under the general permits for storm water discharges. The position will ensure that new construction in all industrial and value added agriculture categories can continue in a timely manner, which is critical to meeting the economic expansion goals set out in the 2010 Initiative.

The Governor recommends this request.

➤ Contractual Services- The agency requests various increases and decreases in contractual services for a net increase of \$33,330 for FY08. The Governor recommends this request and an increase of \$19,265 to account for a recalculation in the method of recovering maintenance and repair funding for the capital complex.

Financial and Technical Assistance

To evaluate the natural resources of the state and to provide technical and financial assistance in a customer service-oriented manner for the protection, restoration, and development of those resources.

The total recommended budget for Financial and Technical Assistance consists of \$2,238,211 from general funds, \$1,759,745 in federal fund expenditure authority, and \$698,211 in other fund expenditure authority, for a total budget of \$4,696,167 and 58.0 FTEs.

	Actual FY06	Budgeted FY07	Agency Req. FY08	Gov Rec. FY08	Inc/Dec FY08	% Change From FY07
Personal Services	3,198,541	3,366,111	3,366,111	3,481,039	114,928	3.4%
Travel	244,161	200,000	200,000	200,000	-	0.0%
Contractual Services	601,534	812,378	812,378	824,695	12,317	1.5%
Supplies & Materials	126,136	137,052	137,052	137,052	-	0.0%
Grants And Subsidies	815	-	-	-	-	0.0%
Capital Outlay	95,981	53,381	53,381	53,381	-	0.0%
Other	7,401	-	-	-	-	0.0%
Total	4,274,569	4,568,922	4,568,922	4,696,167	127,245	2.8%
Funding Types						
General	2,100,127	2,173,434	2,173,434	2,238,211	64,777	3.0%
Federal	1,559,119	1,716,454	1,716,454	1,759,745	43,291	2.5%
Other	615,323	679,034	679,034	698,211	19,177	2.8%
Total	4,274,569	4,568,922	4,568,922	4,696,167	127,245	2.8%
FTE	57.0	58.0	58.0	58.0	-	0.0%

Revenues

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Sale of Publications/Maps	6,000	4,491	(1,509)	6,000	4,000	(2,000)	4,000
Total	6,000	4,491	(1,509)	6,000	4,000	(2,000)	4,000

- Personal Services- The Governor's recommended appropriation includes an increase of \$114,928 (\$59,898 general, \$38,329 federal, \$16,701 other) for FY08 salary policy.
- Contractual Services- The Governor recommends an increase of \$12,317 (\$4,879 general, \$4,962 federal, \$2,476 other) to account for a recalculation in the method of recovering maintenance and repair funding for the capital complex.

Selected Performance Indicators

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Federal Fiscal Reports Prepared	50	53	3	50	52	2	52
Vouchers, and Cash Receipts Processed	4,000	4,012	12	4,000	4,010	10	4,015
Requisitions/Travel Requests Processed	40/1,300	56/1,351	n/a	40/1,300	45/1,300	n/a	45/1,300
Contracts and Grants Monitored	415	436	21	415	440	25	440
Awards/Projects:							
Consolidated Program	\$3.5M/17	\$4.3M/23	n/a	\$3.5M/17	\$4.5M/25	n/a	\$4.5M/25
Small Community Planning Grants	\$200K/50	\$210K/42	n/a	\$180K/40	\$200K/40	n/a	\$200K/40
Solid Waste Program	\$1.5M/12	\$2.0M/12	n/a	\$1.5M/12	\$2.0M/13	n/a	\$2.0M/13
State Revolving Fund (SRF) Loans (SWRMS) Projects	\$41M/25	\$74.4M/30	n/a	\$30M/25	\$30M/25	n/a	\$30M/25
Nonpoint Source Awards/Projects	\$4.2M/9	\$2.9M/9	n/a	\$3.5M/10	\$3.3M/10	n/a	\$3.2M/8
Water Quality Grants		\$2.0M/14	n/a		\$1.0M/7	n/a	\$800K/5
Active Nonpoint Source Water Pollution							
Watershed Assessment Projects	26	35	9	24	36	12	31
Implementation Projects	35	35	0	35	28	(7)	28
TMDL Waterbodies under assessment	68	68	0	67	67	0	70
Statewide Lake Assessment Monitoring	32	32	0	52	52	0	54
State Water Plan Projects	60	54	(6)	60	55	(5)	55
Construction Inspections Conducted	66	71	5	70	70	0	70
Construction Plans & Specs Reviewed	60	82	22	60	75	15	75
EPA State Revolving Fund (SRF) Loans							
Reviewed/Monitored	25/229	30/238	n/a	25/250	25/254	n/a	25/277
Test-Hole Footage Drilled	18,000	18,661	661	18,000	18,000	0	18,500
Test Holes Drilled	85	117	32	85	85	0	90
Wells Installed	10	36	26	10	20	10	20
X-Ray Analyses Completed	45	104	59	45	80	35	45
Water Samples Collected for Chem. Analysis	277	238	(39)	277	250	(27)	250
Square Miles Mapped (Geologic)	42,200	1,729	(40,471)	42,000	6,000	(36,000)	6,000
Square Miles Mapped for Aquifer Studies	5,000	8,207	3,207	5,000	6,000	1,000	7,500
Projects and Publications Completed	10	10	0	10	10	0	10
Presentations Given to Public or Agencies	45	44	(1)	45	50	5	50
Drilling Weeks	2	43	41	2	40	38	40

Environmental Services

To provide environmental services in a customer service-oriented manner to help municipalities, industries, and citizens comply with regulations that protect public health, conserve natural resources, preserve the environment, and promote economic development.

The total recommended budget for Environmental Services consists of \$4,025,496 from general funds, \$4,150,725 in federal fund expenditure authority, and \$2,043,411 in other fund expenditure authority, for a total budget of \$10,219,632 and 118.5 FTEs.

	Actual FY06	Budgeted FY07	Agency Req. FY08	Gov Rec. FY08	Inc/Dec FY08	% Change From FY07
Personal Services	6,445,031	6,851,241	7,041,401	7,283,534	432,293	6.3%
Travel	433,430	387,752	396,722	396,722	8,970	2.3%
Contractual Services	1,871,334	2,091,255	2,124,585	2,143,850	52,595	2.5%
Supplies & Materials	204,681	146,191	146,686	146,686	495	0.3%
Grants And Subsidies	165,675	108,000	108,000	108,000	-	0.0%
Capital Outlay	251,827	136,430	140,840	140,840	4,410	3.2%
Other	2,076	-	-	-	-	0.0%
Total	9,374,054	9,720,869	9,958,234	10,219,632	498,763	5.1%
Funding Types						
General	3,787,672	3,909,690	3,909,690	4,025,496	115,806	3.0%
Federal	3,767,392	3,923,580	4,057,945	4,150,725	227,145	5.8%
Other	1,818,990	1,887,599	1,990,599	2,043,411	155,812	8.3%
Total	9,374,054	9,720,869	9,958,234	10,219,632	498,763	5.1%
FTE	111.2	115.5	118.5	118.5	3.0	2.6%

Revenues

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Mining/Oil and Gas Permit Fees	46,000	42,800	(3,200)	46,000	43,000	(3,000)	43,000
Licensing and Renewal of Asbestos Handlers Water and Wastewater Operator Certification Exams and Renewals	25,000	13,900	(11,100)	25,000	15,000	(10,000)	15,000
Superfund Amended Reauthorization Act	17,000	18,382	1,382	17,000	18,750	1,750	19,000
Title III Fees	85,000	91,000	6,000	85,000	91,000	6,000	91,000
Air Quality Permit Fees	364,105	365,490	1,385	360,000	328,325	(31,675)	443,000
Solid Waste Permit Fees	19,750	16,000	(3,750)	6,000	6,000	0	13,500
Surface Water Discharge Permit Fees	588,250	585,635	(2,615)	590,150	590,135	(15)	594,635
Feedlot Fees	55,300	48,750	(6,550)	70,175	69,375	(800)	78,025
Drinking Water System Fees	246,000	246,210	210	246,000	246,500	500	246,800
Oil and Gas Conservation Tax	143,000	173,645	30,645	145,000	180,000	35,000	182,400
Water Right Fees	55,000	45,810	(9,190)	55,000	50,000	(5,000)	52,000
Well Drillers and Pump Installer License Fees	9,500	9,400	(100)	9,500	9,500	0	9,600
Total	1,653,905	1,657,022	3,117	1,654,825	1,647,585	(7,240)	1,787,960

➤ Personal Services- The agency requests an increase of \$118,221 in federal fund expenditure authority, \$71,939 in other fund expenditure authority and 3.0 FTEs for FY08. The increase includes:

- Air Quality Program- 2 FTEs- Natural Resources Engineer- \$53,380 in federal fund expenditure authority from an EPA air quality grant- (\$42,255 salary, \$11,125 benefits); Natural Resources Engineering Director- \$71,939 in other fund expenditure authority from air quality fees (\$58,566 salary, \$13,373 benefits): These positions are requested for the purpose of providing timely engineering reviews of air quality permit applications for new and expanding ethanol plants and other industrial and manufacturing plants that are bringing new jobs to meet the 2010 Initiative. The positions will ensure that new ethanol plants and existing ethanol plants will receive air quality permits so that they are capable of constructing or modifying their operations in a timely manner to meet the growing demand for ethanol, energy, and value added agricultural products.
- Surface Water Quality Program- 1 FTE- Natural Resources Engineering Specialist- \$64,841 in federal fund expenditure authority from an EPA 106 Grant (\$52,325 salary, \$12,513 benefits): This position is requested for the purpose of providing timely engineering reviews of "notices of intent for coverage" under the general permits for storm water discharges. The position will ensure that new construction in all industrial and value added agriculture categories can continue in a timely manner, which is critical to meeting the economic expansion goals set out in the 2010 Initiative.

The Governor recommends this request. The Governor's recommended appropriation includes \$242,133 (\$108,175 general, \$85,019 federal, \$48,939 other) for FY08 salary policy.

➤ Contractual Services- The agency requests various increases and decreases in contractual services for a net increase of \$33,330 for FY08. The Governor recommends this request and an increase of \$19,265 to account for a recalculation in the method of recovering maintenance and repair funding for the capital complex.

Selected Performance Indicators

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Regulated Public Drinking Water Systems	680	673	(7)	685	676	(9)	678
Total Pop. Served by Public Water Systems	660,000	660,806	806	666,300	663,000	(3,300)	665,000
Hazardous Waste Generators	1,600	1,693	93	1,650	1,750	100	1,825
Permitted Solid Waste Disposal Sites	250	246	(4)	250	247	(3)	248
Permitted Air Emission Sources	570	583	13	575	620	45	670
Ethanol Production from Plants with Air Quality Permits (millions of gallons)	608	608	0	1,080	1,080	0	1,352
Total Water Right Permits	6,607	7,603	996	6,680	7,800	1,120	8,000
Cumulative Tanks Removed/Sites	4,020/2,850	3,948/2,820	n/a	4,120/2,900	4,048/2,870	n/a	4,148/2,920
Active Above-Ground Storage Tanks Regis.	4,060	4,101	41	4,060	4,140	80	4,180
Active Underground Storage Tanks Regis.	2,960	2,986	26	2,960	3,000	40	3,020
Spills and Releases Reported	200	227	27	200	200	0	200
Wastewater Point Sources Permitted	365	363	(2)	370	369	(1)	375
Stream Sites Sampled for Ambient Water	137	137	0	137	137	0	137
Active Gold and Other Mine Permits	47	47	0	48	48	0	49
Active Sand and Gravel Mine Sites Licensed	1,950	1,918	(32)	1,950	1,920	(30)	1,920
Number of Public Water Supply Systems	24	33	9	24	24	0	24
Brownfields Cleanup Project Completed	3	1	(2)	3	2	(1)	2
Backlog of New or Modified Air Permits for	38	38	0	0	0	0	0
Average Number of Days to Issue New or Modified Air Permits	180	180	0	90	90	0	90
Air Quality Monitoring Sites	15	15	0	15	16	1	15

Regulated Response Fund- Informational

To provide for the cleanup of regulated substances during emergencies or when necessary to protect public health, safety, welfare, or the environment of the state.

The total recommended budget for the Regulated Response Fund consists of \$1,750,000 in other fund expenditure authority and 0.0 FTE.

	Actual FY06	Budgeted FY07	Agency Req. FY08	Gov Rec. FY08	Inc/Dec FY08	% Change From FY07
Personal Services	-	-	-	-	-	0.0%
Travel	-	-	-	-	-	0.0%
Contractual Services	110,598	1,750,000	1,750,000	1,750,000	-	0.0%
Supplies & Materials	-	-	-	-	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	110,598	1,750,000	1,750,000	1,750,000	-	0.0%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	110,598	1,750,000	1,750,000	1,750,000	-	0.0%
Total	110,598	1,750,000	1,750,000	1,750,000	-	0.0%
FTE	-	-	-	-	-	0.0%

Revenues

	<u>FY06</u>			<u>FY07</u>			<u>FY08</u>
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Investment Council Interest	150,000	71,822	(78,178)	150,000	100,000	(50,000)	100,000
Penalties and Reimbursements	55,000	53,184	(1,816)	55,000	155,000	100,000	155,000
Total	205,000	125,006	(79,994)	205,000	255,000	50,000	255,000

➤ Starting Cash Balance in Regulated Response Fund on 7/01/06- \$1,946,748.

Selected Performance Indicators

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Hot Springs Refinery Cleanup	\$0	\$350	\$350	\$0	\$0	\$0	\$0
Huron, R&R Oil Cleanup	\$0	\$2,723	\$2,723	\$0	\$0	\$0	\$0
New Underwood Gas Station Cleanup	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sioux Falls G&H Drum Site Cleanup	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Woonsocket T&T Service Cleanup	\$0	\$8,660	\$8,660	\$0	\$0	\$0	\$0
Watertown Sewer Project Cleanup	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Belle Fourche Shop Cleanup	\$0	\$8,248	\$8,248	\$0	\$0	\$0	\$0
Yankton Offsite PCB Cleanup	\$0	\$25,552	\$25,552	\$0	\$0	\$0	\$0
Pierre Well Solvent Investigation	\$0	\$23,096	\$23,096	\$0	\$0	\$0	\$0
Bridgewater Quality Meats Investigation	\$0	\$37,236	\$37,236	\$0	\$0	\$0	\$0
Mitchell Adjustment Training Center	\$0	\$4,635	\$4,635	\$0	\$0	\$0	\$0
Capacity to Match EPA Superfund Expenditures at Brohm and Respond to Other Cleanups	\$1,750,000	\$0	(\$1,750,000)	\$1,750,000	\$1,750,000	\$0	\$1,750,000

Livestock Cleanup Fund- Informational

To provide for the cleanup of discharges or spills from animal feeding operations during emergencies, or when necessary to protect public health, safety, welfare, or environment of the state.

The total recommended budget for the Livestock Cleanup Fund consists of \$765,000 in other fund expenditure authority and 0.0 FTE.

	Actual FY06	Budgeted FY07	Agency Req. FY08	Gov Rec. FY08	Inc/Dec FY08	% Change From FY07
Personal Services	-	-	-	-	-	0.0%
Travel	-	-	-	-	-	0.0%
Contractual Services	-	765,000	765,000	765,000	-	0.0%
Supplies & Materials	-	-	-	-	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	-	765,000	765,000	765,000	-	0.0%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	-	765,000	765,000	765,000	-	0.0%
Total	-	765,000	765,000	765,000	-	0.0%
FTE	-	-	-	-	-	0.0%

Revenues

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Investment Council Interest	30,000	26,118	(3,882)	25,000	27,000	2,000	27,000
Penalties and Reimbursements	25,000	9,240	(15,760)	20,000	10,000	(10,000)	10,000
Total	55,000	35,358	(19,642)	45,000	37,000	(8,000)	37,000

➤ Starting Cash Balance in the Livestock Cleanup Fund on 7/01/06 - \$1,028,741.

Selected Performance Indicators

	FY06			FY07			FY08
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Environmental Cleanups Funded	1	0	(1)	1	1	0	1
Capacity to Respond to Cleanups Needed	\$765,000	\$0	(765,000)	\$765,000	\$765,000	0	\$765,000

Other Departmental Issues

A. Interim Appropriation Actions

No interim appropriation actions were taken.

B. Letters of Intent – FY07

No Letters of Intent items for FY07.

C. Environment and Natural Resources

General Fund Reversions FY02-FY06

FY02- \$30,646

FY03- \$103,140

FY04- \$227,302

FY05- \$119,515

FY06- \$25,418