

STATE OF COLORADO

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TO: Colorado Water Conservation Board Members

FROM: Taryn Hutchins-Cabibi, Drought Specialist
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Office of Water Conservation & Drought Planning

DATE: March 3, 2009

SUBJECT: **Agenda Item 26, March 17-18, 2009 Board Meeting
Federal Stimulus Package Pertaining to State Revolving Funds for Water
Projects**

Staff Recommendation

This is an *information* item and Board action is not required.

Background

The recently passed federal stimulus package, otherwise known as the "American Recovery and Reinvestment Act of 2009 (ARRA)," allocates monies for water related projects that will be passed through various federal agencies to the States. The ARRA allocates \$6 billion for local clean and drinking water infrastructure improvements: \$4 billion for the Clean Water State Revolving Fund (CWSRF) program; and \$2 billion for the Drinking Water State Revolving Fund (DWSRF) program.

The ARRA states that "not less than 20 percent of the appropriated funds shall be provided for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities." Projects meeting this requirement are called the "Green Project Reserve" by EPA. The OWCDP is working with the Colorado Power and Water Development Authority, the state agency that will direct money from EPA to specific projects and the Colorado Department of Public Health and the Environment to provide technical assistance when necessary. Current efforts will be outlined during the board presentation.

Federal Stimulus Package Pertaining to State Revolving Funds for Water Projects



Taryn Hutchins-Cabibi
Office of Water Conservation & Drought Planning

Water, Parks, and Environmental Remediation

Program	Funding	Uses	Resources/ Comments
AC Watershed and Flood Prevention Operations Department of Agriculture, National Resources Conservation Service Purpose: Provide technical and financial assistance in carrying out work of improvement to prevent, develop, and utilize the land and water resources in watersheds. Statute: Watershed Protection and Flood Prevention Act, 16 U.S.C. 669 et seq. Regulations: 7 CFR Part 559 CFDA: 10-600	\$450 million Project Grants: Federal agency provides project grants to sponsoring local organizations of authorized watershed projects (may include flood control, reforestation, erosion and S&S, livestock). Funding must be used for projects that can be fully funded and completed with the funds appropriated in the act, and for activities that commence promptly following enactment. Act also includes \$25 million for planning and related floodplain activities.	Watershed protection, flood prevention, agricultural water management, watershed restoration, public water based fish, wildlife, recreation, and enhancing long-term credit to help local interests with their share of costs.	Agencies submit plans to the Federal RSCS, and notify states Single Point of Contact for Federal Watersheds, if any, if intent to apply. Agencies must conduct public meetings to ensure local involvement. The National Watershed Council for more information on planning and applications for watershed.
AC Watershed Rehabilitation Program Department of Agriculture, National Resources Conservation Service Purpose: Provide assistance to rehabilitate areas negatively impacted with activities of NRCS watershed programs. CFDA: 10-606	\$50 million Project Grants: Federal agency provides project grants to sponsoring local organizations for carrying watershed projects that include:	Making use of watershed rehabilitation projects, including restoration or development of the area and protection or flood control of watershed property.	

Program	Funding	Uses	Resources/ Comments
AG Department of Agriculture, Rural Utilities Service, USDA Water and Environmental Programs Statute: Section 1005(a)(2) of the Consolidated Farm and Rural Development Act CFDA: 10.198	\$4.20 billion for rural water and waste disposal project grants and direct loans to local public entities, non-profit firms, and tribes.	Rural Water: loans, grants and loan guarantees for drinking water, wastewater, solid waste, and storm drainage facilities in rural areas and others and loans of \$5,000 or less. Grants to nonprofit organizations to provide technical assistance and training in rural rural communities with their water, wastewater, and solid waste problems.	Department of Agriculture must use, where practicable, the Public Lands Corps, Youth Conservation Corps, Student Conservation Association, Job Corps and other related partnerships with federal, state, local, tribal, or non-profit groups that serve young adults.
EPA Clean Water and Safe Drinking Water Environmental Protection Agency Statute: Title VI of the Federal Water Pollution Control Act; Section 1402 of the Safe Drinking Water Act CFDA: 10.400 (20007), 01.400 (20005)	\$4 billion for clean water state revolving fund programs. \$2 billion for drinking water state revolving fund programs. Up to 1.5% of revolving funds may be reserved by EPA for tribes. Revolving funds not subject to matching or cost-share requirements in rural areas. Revolving fund projects must be under contract or construction within 12 months.	State Revolving Funds: Low-interest loans to fund water quality protection projects, including for wastewater treatment, nonpoint source pollution control, watershed and estuary management, and drinking water system infrastructure improvements. At least 20% of the revolving funds must be used for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative initiatives.	FY2007 Allocation of Clean Water State Revolving Funds FY2008 Allocation of CWSRF Advances

3

Clean Water & Safe Drinking Water

- Existing mechanisms of the State Revolving Fund Program allocates \$6B for capitalization grants, which will be distributed by EPA.
- Colorado's share is ~\$62Million
- Colorado Water Resources and Power Development Authority is the fiscal agent.
- 20% of funds must go toward "green initiatives"
- Rules requiring covered entities to have approved conservation plans on file with CWCB still apply BUT...

4

37-60-126 Emergency Provision

37-60-126 §(9)(a)

"except that the board or the authority may release such loan proceeds if the board or the authority, as applicable, determines that an unforeseen emergency exists in relation to the covered entity's loan application, in which case the board or the authority, as applicable, may impose a loan surcharge upon the covered entity that may be rebated or reduced if the covered entity submits and adopts a plan in compliance with this section in a timely manner as determined by the board or the authority, as applicable."

5

Entities w/o plans that may seek \$\$

- East Cherry Creek Valley
- Westminster
- Security
- Aspen
- Pueblo
- Clifton/ Ute/ Grand Junction*

*Have applied for grant money to do a conservation plan

6

Highlights

- CWCB will not directly receive funds
- CWCB will work with other agencies to leverage funds available to achieve our goals/ mission.
- CWCB will provide project ideas where opportunities exist
- CWCB will expedite review of Conservation plans for those receiving funds
- CWCB will provide technical assistance to entities when needed

7

Next Steps...

- March 23rd -- Meeting with the Department of Agricultural – Rural Utilities Service
- April 4th– Gov. Ritter sends letter to EPA excepting funds.
- April 27th – stimulus loan applications Due
 - After this we will know exactly who we need to work with on Conservation Plans.
- September- 30th - - loan recipients complete bidding process & are issued notice to proceed and begin construction.

8

For Additional Information

- <http://www.staterecovery.org/>
- <http://www.cdphe.state.co.us/op/wqcc/New/ARRA.html>
- <http://www.cepr.net/documents/publications/green-recovery-2009-03.pdf>
- <http://www.colorado.gov/recovery/>
- <http://www.recovery.gov/>

9

Questions?

10

