STATE OF COLORADO

Colorado Water Conservation Board
Department of Natural Resources

1313 Sherman Street, Room 721
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 866-4474
www.cwcb.state.co.us

Bill Ritter, Jr.
Governor

Harris D. Sherman
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Dan McAuliffe
CWCB Deputy Director

TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E.
              Water Supply Planning and Finance Section

DATE: November 10, 2009

SUBJECT: **Agenda Item 28a-f, November 16-18, 2009 Board Meeting**
              Water Supply Planning and Finance Section – En-Bloc Non-Reimbursable
              Investment Recommendations

Introduction
The Finance Committee reviewed all of the Construction Fund - Non-Reimbursable Investment (NRI) applications on September 15, 2009, and recommended Board approval of the projects listed under this agenda item as shown on the attached spreadsheet and described in the attached memos.

The Finance Committee also requested that the application for "Instream Flow Engineering and Technical Support Services" be referred for consideration by the entire Board at the November Board meeting. The application will be presented under Agenda Item 29.

The Committee made these recommendations following the review of guidelines established under Financial Policy #13 – Target Growth Rates for the Equity of the Construction Fund and Severance Tax Trust Fund Perpetual Base Account and #14 – Approval and Prioritization of Construction Fund Applications for Non-Reimbursable Project Investments.

Recommendation
Staff recommends the Board approve an exception to Policy 13 and approve, en-bloc, the non-reimbursable investments listed in Agenda Item 28a-f. These investments were reviewed and recommended by the CWCB Finance Committee when it met in September 2009 in Steamboat Springs. If approved, these non-reimbursable investments will comprise the principal Sections of the 2010 Projects Bill.

Discussion
During the Finance Committee on September 15, 2009, the staff presented the status of the Construction Fund and the application of the Growth Rate Policy #13. The presentation included a description of the process of determining the FY 09/10 Construction Fund target growth which is 3.65%. Approval of the recommended Non-reimbursable Investments Items 28a-f and referred Item 29 will result in a growth of 1.02%. Staff also presented internal fund restrictions on NRI funds which will reflect a savings of approximately $500,000 during this fiscal year.

Colorado Water Conservation Board
November 16-18, 2009 Board Meeting
2010 Funds Available for Non-reimbursable Investments

		Revenues	Expenses	
Construction Fund FY10 Projected Revenue				
Net Investment Income (State Treasurer)		$2,000,000		
Interest Earnings - Loans		$5,500,000		
Federal Mineral Lease Income			$8,000,000	<== Revised per Sept 2009 projections
Total		**$15,500,000**		
Construction Fund FY10 Projected Expenses				
Interdepartmental operations			$7,200,000	
28f Colorado Water Education Foundation - Annual Support			$150,000	
Wild and Scenic Fund			$400,000	
In-Stream Flow Acquisitions			$1,000,000	
Stream Gauge Fund			$250,000	
Construction Fund Target Growth @ **3.65%** - **$312,800,000 x .0365**			$11,400,000	
Total			**$20,400,000**	

2010 Funds Available for Non-reimbursable Investments   **=**   **-$4,900,000**
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Investment Applications

5 Recommended NRI En-bloc by Finance Committee

			Benefit	Amount
28a	DWR	Satellite Monitoring System Maintenance	Statewide	$250,000
28b	CWCB - Flood	Weather Modification Permitting Program	Statewide	$175,000
28c	CWCB - Flood	Colorado Floodplain Map Modernization	Statewide	$500,000
28d	CWCB - Flood	Colorado Watershed Restoration Program	Statewide	$250,000
28e	CWCB - Flood	Flood Response Program Fund - Refreshed	Statewide	$300,000

2010 Total Recommended Non-reimbursable Investments   **$1,475,000**

1 Referred Non-Reimbursable Project Investments

			Benefit	Amount
29	CWCB - ISF	ISF Engineering and Technical Support Services	Statewide	$50,000

2010 Total Referred Non-reimbursable Investments   **$50,000**

Total Requested   **=**   **$1,525,000**
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