

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Tim Feehan, PE, Chief
Finance Section

DATE: March 4, 2011

SUBJECT: **Agenda Item 26, March 15-16, 2011 Board Meeting**
Finance Section – Financial Matters
Projections and Cash Balance Reports

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Introduction (This is for information only and no action is necessary)

This agenda item provides updated financial information for the Board's use in evaluating the availability of funds from the Construction Fund and the Severance Tax Trust Fund Perpetual Base Account for non-reimbursable project investments, new water project loans and increases to existing loan authorizations. A Financial Projections Report and a Cash Balance Report will be distributed at the Board meeting which utilizes information based on documents prepared by Clifton Gunderson, Severance Tax projections and Federal Mineral Lease prepared by the Legislative Council, interest earnings and repayment schedules prepared by CWCB staff.

Discussion

As of the date of this memo, sufficient cash is available to fund the staff recommendations for the new loans and the changes to existing loans which follow this agenda item.

Review

The **Financial Projections Report** shows the annual projections of money available for the CWCB operating expenses, non-reimbursable project investments, modifications to previous loan authorizations and new construction project loans. The Financial Projections Report provides an estimate of the CWCB revenues during the fiscal year and the anticipated expenditures. The Finance Section will update the Projections Report if necessary and present it to the Board at each Board Meeting throughout the fiscal year.

The **Cash Balance Report** is used by the Finance Section staff in order to assure the Board that unreserved cash is available for new loans and revisions to existing loans which are presented to the

Board. Historically, the report has shown ample cash available for loans recommended for approval; however, since the cash transfers from the CWCB's two funds to the General Fund, the Cash Balance Report has become extremely important. If at any time, the CWCB does not have the cash available, the Board will provide direction as to which projects will receive priority when cash becomes available based on Financial Policy #12, attached.

POLICY NUMBER: 12

SUBJECT: **PRIORITIZATION OF PROJECT FUND APPLICATIONS FROM THE CONSTRUCTION FUND AND THE SEVERANCE TAX TRUST FUND PERPETUAL BASE ACCOUNT**

EFFECTIVE DATE: November 24, 1997

POLICY: The Colorado Water Conservation Board (CWCB) will give preference for funding from the Construction Fund and Severance Tax Trust Fund Perpetual Base Account to those projects that are most cost effective, demonstrate the greatest need for assistance in financing, and that best relate to the Board's Long Range Plan. This policy is in addition to the project priority order established in Sec. 37-60-121(1)(b)(I) and (II), CRS. That statute gives the first priority of funds to projects that increase the beneficial consumptive use of Colorado's undeveloped compact entitled waters and the remainder of the funds to projects for the repair and rehabilitation of existing water storage and delivery systems, controlled maintenance of the satellite monitoring system authorized pursuant to section 37-80-102(10) and for investment in water management activities and studies as provided in Section 37-60-119(3)

PURPOSE: To establish a method to prioritize funding requests from the Construction Fund and Severance Tax Trust Fund Perpetual Base Account in the event that the demand exceeds the available funds from either source in any given year.

APPLICABILITY: This policy and procedure apply to all requests for funding from the CWCB Construction Fund and Severance Tax Trust Fund Perpetual Base Account.

PROCEDURE: In the event that total requests for funding from the CWCB Construction Fund or the Severance Tax Trust Fund Perpetual Base Account exceed the funds available from either source in any given year, the requests for funding will be prioritized as described here. The CWCB staff will prepare, for the Board's consideration, a summary of the technical and financial characteristics associated with each project funding application. The project characteristics will include the type of funding sought, type of project, the cost effectiveness of each project, the estimated total annual yield for water supply, the damages avoided for floodplain projects and the type of project sponsor as shown in the following list in order of priority:

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Project Prioritization

1. Type of funding
 - a. loan
 - b. non-reimbursable investment
2. Type of project (structural or non structural)
 - a. development of compact entitlement
 - b. dam rehabilitation
 - c. infrastructure construction or rehabilitation
 - d. satellite monitoring system
 - e. water management activities and studies (including feasibility studies)
 - f. floodplain management
3. Estimated annual yield in acre-feet for water supply projects or damages avoided for floodplain projects
4. Cost effectiveness of the project*
5. Project sponsor
 - a. agricultural and municipal low income
 - b. municipal middle income
 - c. municipal high income
 - d. commercial/industrial

*For water supply projects cost effectiveness will be measured in terms of cost per acre-foot of water developed or supplied. For floodplain management projects, cost effectiveness will be based on the damages avoided as a result of the project.

Policy Statement Approved by the CWCB
November 24, 1997 Board Meeting
Agenda Item #15a

Procedure Statement Approved by the CWCB
September 25, 2000 Board Meeting
Agenda Item #13c