

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Tim Feehan, P.E., Assistant Director

DATE: November 9, 2011

SUBJECT: **Agenda Items 17a-f, November 15-16, 2011 Board Meeting**
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 12, 2011, and recommended Board approval of the projects listed under this agenda item as shown on the attached spreadsheet and described in the memos that follow.

The Finance Committee also requested that the applications for Tamarisk Cost-Share Grant Program – Phase II, the Colorado River Water Availability Study- Phase II, San Luis Valley Irrigation District – Rio Grande Cooperative Project, and the Colorado Water and Power Authority – Long Hollow Reservoir Construction be referred for consideration by the entire Board at the November Board meeting. Staff has included a late request for NRI funding for the Alternative Agricultural Water Transfer Methods – Grant Program for consideration by the Board. The Rio Grande Cooperative Project will be discussed; however, staff recommendation for funding will no longer be from the Construction Fund, but is requested from the Severance Tax Trust Fund Perpetual Base Account. Additionally, staff has included a late request to include funding for the Chatfield Reallocation Project from the Severance Tax Perpetual Base Account. Also, the third and final \$12 million installment for the State's water allocation associated with the Animas La-Plata Project (HB10-1250) has been included for consideration by the Board. Finally, the long Hollow Reservoir construction NRI request has been removed from consideration. The memos and data sheets for these projects of consideration are presented under Agenda Item 18a-g.

Please note that Items 18c (Rio Grande Cooperative Project), 18f (Chatfield Reallocation Project), and 18g (A-LP installment payment) have been included with the non-reimbursable investments to allow the Board to discuss “projects” associated with the 2012 Projects Bill. These project would be funded from the Severance Tax Trust Fund Perpetual Base Account and included in the Project's Bill, but would not have any influence on the growth rate of the Construction Fund, discussed under Policy #13.

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.

Discussion

During the Finance Committee on September 12, 2011, 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 11/12 Construction Fund target growth which is 3.71%.

Approval of the recommended En-Bloc Non-reimbursable Investments Items 17a-f would result in a growth rate of 3.85%.

Approval of Items 17a thru f (plus) Items 18a & 18e yields a growth rate of 3.27%

Approval of Items 17a thru f (plus) Items 18a, 18e and 18b yields a growth rate of 2.70%

Recommendation

Staff recommends the Board approve the non-reimbursable investments listed in Agenda Item 7a-f. These investments were reviewed and recommended for approval at the September 2011 CWCB Finance Committee, held in Grand Junction, Colorado. If approved, these non-reimbursable investments will be written into the 2012 Projects Bill.

Colorado Water Conservation Board
November 15 - 16, 2011 Board Meeting
FY 2011/12 Funds Available for Non-Reimbursable Investments

	<u>Revenues</u>	<u>Expenses</u>
Construction Fund FY11/12 Projected Revenue		
Net Investment Income (State Treasurer)	\$ 2,000,000	
Interest Earnings - Loans	\$ 7,523,989	
Federal Mineral Lease Income	\$ 14,600,000	
Total	\$ 24,123,989	
Construction Fund FY11/12 Projected Expenses		
Interdepartmental Operations		\$ 7,200,000
Automatically Refreshed Funds / Accounts per Statute		
Wild and Scenic Fund	Up to	\$ 400,000
In-Stream Flow Acquisitions	Up to	\$ 1,000,000
Stream Gauge Fund	Up to	\$ 250,000
Colorado Water Education Foundation - Annual Support		\$ 150,000 (1)
	Refreshed Subtotal	\$ 1,800,000
Construction Fund Target Growth @ 3.71% - \$350,700,000 x .0371		\$ 13,010,970
Total		\$ 22,010,970

2011 Funds Available for Non-Reimbursable Investments = \$ 2,113,019

Non-Reimbursable Investment Applications

Recommended NRI En-Bloc by Finance Committee			Benefit	Amount	
17a	DWR	Satellite Monitoring System Maintenance	Statewide	\$ 300,000	
17b	CWCB - Flood	Weather Modification Program	Statewide	\$ 175,000	
17c	CWCB - Flood	Colorado Floodplain Map Modernization	Statewide	\$ 500,000	Up To \$500K
17d	CWCB - Flood	Colorado Watershed Restoration Program	Statewide	\$ 250,000	
17e	CWCB - Flood	Flood Response Fund - Refreshed	Statewide	\$ 300,000	Up To \$300K
17f	CWCB - Water Information	South Platte Groundwater Level Data Collection	Statewide	\$ 100,000	
					\$ 1,625,000
Recommended NRI Referred by Finance Committee					
18a	CWCB - Federal & Interstate	Tamarisk Cost-Sharing Grant Program - Phase II	Statewide	\$ 1,000,000 (2)	
18b	CWCB - Water Information	Colorado River Water Availability Study - Phase II	Statewide	\$ 2,000,000	
18c	San Luis Valley Irrigation District	Rio Grande Cooperative Project	Statewide	\$ - (3)	
18d	Colorado Water and Power Dev. Authority	Long Hollow Reservoir Construction	Statewide	\$ - (4)	
18e	CWCB - Water Supply Planning	Alternative Agriculture Water Transfer Methods Program	Statewide	\$ 1,000,000 (5)	
18f	CWCB - Finance Section	Chatfield Reallocation Project - Reservoir Storage Space	Statewide	\$ - (3)	
18g	CWCB - Finance Section	Animas-La Plata - Third Installment	Statewide	\$ - (6)	
					\$ 4,000,000
2011 Total Recommended Non-Reimbursable Investments					\$ 5,625,000

Footnotes:

- (1) HB 02-1152 provided that the Colorado Water Education Foundation is annually refreshed for \$150,000 with Board member approval.
- (2) HB 08-1346 transferred \$1,000,000 from Severance Tax Operational Account to the Construction Fund for the Tamarisk Cost-Sharing Grant Program.
- (3) Staff recommends that this Project be authorized from the Severance Tax Trust Fund Perpetual Base Account.
Board discussion and approval of the dollar amount will be discussed.
- (4) This project has been withdrawn by the Sponsor
- (5) This project was submitted after the Finance Committee met in September and is presented for the Board's consideration at this time.
- (6) Third and final installment of \$12 million (HB 10-1250) Item will be included in this years Projects Bill