

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 *TF*
Steve Biondo, Finance Manager *SB*

DATE: May 4, 2012

SUBJECT: **Agenda Item 27, May 15-16, 2012 Board Meeting**
Finance Section - Severance Tax Trust Fund Operation Account
Program Policy Review and Approval

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Introduction

At the March 2012 Board Workshop, the Board reviewed and commented on a new program policy for the Severance Tax Trust Fund Operation Account (STTFOA), referred to as Policy 18. Attached for your review is a revised version of Policy 18 that incorporates comments from the Board and Staff. The intent of Policy 18 is to reduce the time for funding to become available, once a grant is approved, from eighteen months to six months; to allow for a separate higher education funding category; to provide a consistent review process; and to allow for funds to be redirected based on need.

Discussion

A brief overview of Policy 18 is presented below:

- Provides for three areas of grant review that meet the established goals and program needs of the CWCB Strategic Plan and the STTFOA.
- Further defines the three areas of review by categories, such as compact, water supply, recovery of threatened or endangered wildlife species, instream flows, recreation, flood, drought, conservation, etc.
- Provides that the Board will review and approve grant applications annually at March Board meetings, thereby reducing the time for funds to become available from 18 months to 6 months.
- Grants the CWCB Director the discretion to reallocate approved STTFOA project funds to other projects, if a particular project/s cannot be completed within the fiscal year.
- Staff will provide the Board with a STTFOA report, as part of the CWCB's Director's Report, informing the Board of the status of approved projects and any changes in funding.

- Upon Board approval of the project applications in March, project funding will become available on July 1st of each year and must be spent by June 30th of that same fiscal year.

Recommendation

Staff recommends that the board adopt Policy 18, the Approval and Prioritization of Grant Applications from the Severance Tax Trust Fund Operational Account

POLICY NUMBER: 18

SUBJECT: **APPROVAL AND PRIORITIZATION OF GRANT APPLICATIONS FROM THE SEVERANCE TAX TRUST FUND OPERATIONAL ACCOUNT**

EFFECTIVE DATE: July 1, 2012

POLICY: The Colorado Water Conservation Board (CWCB) staff will accept applications for grants from the Severance Tax Trust Fund Operational Account (STTFOA) until January 15 of each year.

The CWCB staff will review grant applications from the STTFOA for:

- (1) Water management projects and studies that meet the established goals and program needs of the CWCB Strategic Plan and the Severance Tax Trust Fund Operation Account.
- (2) Operational funding requests internal to CWCB that assist in supporting the overall management needs of CWCB. The CWCB staff will then recommend for approval to the CWCB Board those grant applications and operational funding requests that meet CWCB goals and program needs and that are within the amount of the annual CWCB allocation for the STTFOA.
- (3) To support CWCB's continued partnership with higher education institutions and to promote the research and development of information that supports CWCB's Strategic Plan and Mission Statement, CWCB staff will set aside up to \$350,000 of its annual STTFOA allocation specifically for higher education grant requests. The CWCB staff will then recommend for approval to the CWCB Board those grant applications that meet CWCB goals and program needs and are within the amount of the annual CWCB allocation for the STTFOA.

PURPOSE: To establish a grant approval and prioritization process for grants from the Severance Tax Trust Fund Operational Account.

APPLICABILITY: This policy and procedure apply to applications for grants from the Severance Tax Trust Fund Operational Account.

PROCEDURE: At each March Board meeting, the CWCB staff will prepare for the Board's consideration a summary of the technical and financial characteristics of each proposed project, program, study or internal

operational funding request. Each application will be reviewed for conformity with the goals and objectives of CWCB's Strategic Plan. Grant applications will be considered in the following categories:

1. Project, programs, studies or internal operational funding requests that assist in the administration of or problem solving related to compact-entitled waters;
2. Projects, programs, studies or internal operational funding requests that facilitate solutions to local and regional water supply needs;
3. Projects, programs, studies or internal operational funding requests that assist in the recovery of threatened or endangered wildlife species or the conservation of existing wildlife species within riparian ecosystems;
4. Projects, programs, studies or internal operational funding requests that assist in meeting non-consumptive needs of the State, such as; recreation, instream flows, and the environment.
5. Projects, programs, studies or internal operational funding requests for satellite and stream gauge monitoring and instrumentation of hydrologic and climatologic data;
6. Projects, programs, studies or internal operational funding requests that assist in the long-range planning for and education about water conservation in the State;
7. Water, river restoration, floodplain, and drought management projects, programs, studies or internal operational funding requests affecting agriculture, recreation, and/or other areas that impact the State economically;
8. Projects, programs, studies or internal operational funding requests that address federal water rights issues; and,
9. Projects, programs, studies or internal operational funding requests from higher education institutions that promote the goals and objectives of CWCB's Strategic Plan.

The applications will then be prioritized based on the type of project applicants in the following order:

1. CWCB Operations
2. Agricultural
3. Municipal / Governmental
4. Commercial/Industrial

The CWCB Director shall have the discretion to reallocate approved STTFOA project funds to other projects, if a particular project/s cannot be completed within the fiscal year. The Director shall have the ability to reallocate funds to internal or external projects, programs, internal operational funding requests or study

needs that may or may not have been identified on the overall application list provided to the Board in March, but promote the goals and objectives of CWCB's Strategic Plan. As needed, CWCB staff will provide the Board with a STTFOA report, as part of the CWCB's Director's Report, informing the Board of the status of approved projects and any changes in funding.

Upon Board approval of the project applications, project funding will become available on July 1st of each year and must be spent by June 30th of that same fiscal year and project deliverables provided.

NOTE:

Recognizing that future needs and responses to those needs cannot be predicted with certainty, the Colorado Water Conservation Board reserves the right to recommend for funding any project, program, study or internal operational funding requests that it determines worthy of grant funding.