

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

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TO: Colorado Water Conservation Board

FROM: Tim Feehan, P.E., Deputy Director, Resource Management

DATE: October 18, 2013

SUBJECT: **Agenda Item 6b, October 21, 2013 Special Board Meeting**
Finance – Financial Matters
Long Range Financial Review

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

James Eklund
CWCB Director

Introduction

At the September 2013 Board Meeting, the Board was presented with a long-range financial overview of the CWCB's projected revenue and expenditures. Staff identified current and future program, and study needs and water project loan needs for the next four years. Staff's long-range financial review was based on determining what emergency flood funds could be available to assist in addressing flooding impacts to the South Platte Basin, while still providing a defined level of funding for other critical CWCB programs and projects.

The Board determined that the CWCB can immediately make available \$15 million in emergency flood response funds, and still fully fund the current draft 2014 Projects Bill. The current 2014 draft Projects Bill identified \$6.5 million in non-reimbursable grant funding for various programs and studies, and \$138 million for water project loans (Chatfield Reallocation Project - \$88 million; and WISE - \$50 million). The Board also determined that the CWCB could make available \$40 million in emergency flood response funding, based on fully funding the \$6.5 million in non-reimbursable investment projects, a 75% funding level for the Chatfield Reallocation Project and fully funding the WISE Project in 2015.

Recommendation

Staff recommends the Board dedicate \$40 million in Emergency Loan funds for the repair of damaged or destroyed water supply infrastructure along the South Platte River and its tributaries.

Staff also recommends the Board direct staff to proceed with processing Chatfield Reservoir Reallocation at a 75% loan funding level and the WISE Project at a 100% funding level. If additional funding becomes available, staff would recommend that the funding level for the Chatfield Reallocation Project be increased accordingly and the WISE Project funding year be moved up to 2014.

Background

At the September 2013 Finance Committee Meeting, staff presented the non-reimbursable investment projects and water project loans for consideration for inclusion in the 2014 CWCB Projects Bill. The two water projects in the South Platte Basin under consideration for loan funds are summarized below:

WISE Project

The WISE Partnership is a regional water supply project between Aurora Water, Denver Water and the South Metro Water Supply Authority (SMWSA) to combine available water supplies and system capacities to create a sustainable new water supply. Through WISE, Aurora Water and Denver Water will provide 7,000 AF/year (on average) of fully treated water to SMWSA for distribution to its members on a permanent basis. Aurora's Prairie Waters system will deliver water from the South Platte when Aurora and Denver Water have available water supplies and capacity.

To distribute WISE water to its members, SMWSA is developing the Western Pipeline system. In total, this system will cost approximately \$132 to \$142 million, of which the seven SMWSA project participants are requesting up to \$50 million in CWCB loan funds over the next five years, with an initial funding need of \$15 million in 2014.

Chatfield Reallocation Project

The Chatfield Reallocation Project involves a partnership with the U. S. Army Corps of Engineers (Corps) and local water providers to reallocate up to 20,600 acre-feet of existing flood storage to new water supply storage space in Chatfield Reservoir. In the 2012 and 2013 Projects Bill, the CWCB has authorized \$62 million towards the purchaser reallocated project space. Of the \$62 million authorized by the General Assembly, \$33 million has been appropriated, with the remaining \$29 million scheduled to be appropriated in the 2015 Projects Bill. A Record of Decision (ROD), by the Army Corps of Engineers, is anticipated in early 2014.

The CWCB has received preliminary requests for loan and grant funding for the Implementation Phase of the Chatfield Reallocation Project. The requests could total as much as \$88 million in new CWCB loans. At this time, based on the long-range financial revenues and expenditures and providing emergency flood relief funds, the CWCB does not have sufficient funding to fully cover this requested loan amount.

Staff will provide a summary of the Long-Term Projections of CWCB's two funds and how these two projects will impact funds available for Emergency Loans, routine loans, and CWCB's operations & programs at the October 2013 Special Board Meeting.