

# STATE OF COLORADO

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## Colorado Water Conservation Board

### Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Water Supply Planning Section; Ben Wade & Kevin Reidy

DATE: March 7, 2014

SUBJECT: **Agenda Item #26, March 18-196, 2014**  
**Metering Projects Language in the Water Efficiency**  
**Grant Guidelines**

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John W. Hickenlooper  
Governor

Mike King  
DNR Executive Director

James Eklund  
CWCB Director

**Staff Recommendation:** CWCB Staff recommends the CWCB Board approve or amend new language in the Guidelines for Water Conservation Implementation Projects concerning metering infrastructure projects.

### Background

CWCB Staff has received several requests from various water providers to provide financial assistance to fund metering projects for their respective systems through the Water Efficiency Grant Fund. The fund currently has over \$1 million of uncommitted funds to award for the development of Water Efficiency and Drought Management Plans as well as implementation projects and public education and outreach projects.

C.R.S. 37-97-101, 102 & 103 (Metering Act) require all water providers to provide metered water delivery to its customers. C.R.S. 37-60-119 allows eligible entities to seek funding to improve its metering infrastructure through a loan or a grant.

### Implementation

Staff has drafted language to set a policy regarding how metering infrastructure projects will be funded. Metering infrastructure projects are expensive relative to the grant fund and fully funding a project at the requested amount would deplete the fund over a short period of time.

In order to avoid a depletion of grant funds devoted to these types of projects, Staff is seeking Board approval to partially fund metering projects at 10% of the total project cost or a maximum grant award of \$50,000, whichever is the lesser amount. Per the current grant guidelines, any request of \$50,000 or more would require Board approval.

The draft language will make it clear that the CWCB will not fund entities that are already required to have meters through the Metering Act but will incentivize entities who wish to improve their meters to a more advanced infrastructure and increase water efficiency within their service area.

### Supporting Documentation

1. Grant Guidelines for Water Conservation Implementation Projects

Adopted by the Board July 18, 2005  
Revised by the Board January 24, 2006  
Revised by the Board November 14, 2006  
Revised by the Board November 20, 2008

## **WATER EFFICIENCY GRANT PROGRAM FUND**

### **GRANT GUIDELINES FOR WATER CONSERVATION IMPLEMENTATION & PUBLIC EDUCATION AND OUTREACH PROJECTS**

#### **1. Introduction & Purpose**

The Water Efficiency Grant Program Fund provides financial assistance for the following purposes:

- Developing Water Conservation plans
- Implementing CWCB-approved Water Conservation plans
- Promoting the benefits of water resource conservation through public education and outreach projects.
- Developing Drought Mitigation plans

**These guidelines address the application requirements and process for implementation projects and public education and outreach projects.**

These grants may be distributed to the following:

- Covered entities and state and local governmental entities
- Public and private entities whose primary purpose includes promoting the benefits of water resource conservation for education and outreach aimed at demonstrating the benefits of water efficiency.

#### **GRANT AWARDS ARE CONTINGENT ON PROGRAM FUND AVAILABILITY**

#### **2. Intent of the Board**

It is the explicit intent of the Board to work with public and private agencies, water users and local entities to increase meaningful water conservation in the state by:

- Increasing the number of local entities with CWCB approved water conservation plans;
- Increasing the number of local entities with CWCB approved drought mitigation plans;
- Improving the nature and breadth of water conservation practices at the local level; and
- Increasing the amount of technical assistance that the CWCB provides to local entities.

With these objectives in mind, the Board intends to administer the Water Efficiency Grant Program for the purpose of providing financial assistance to: covered entities and other state and local governmental entities with locally adopted Water Conservation Plans that have specified water efficiency (or savings) goals in accordance with §37-60-126 CRS; local entities in developing drought mitigation plans; and agencies that include as their primary purpose to promote water resource conservation which desire to fund education and outreach aimed at demonstrating the benefits of water efficiency.

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### **3. Definitions**

**Acre Foot:** The amount of water it would take to cover an acre of land to a depth of 1 foot, approximately 325,851 gallons.

**Agency:** Means a public or private entity whose primary purpose includes the promotion of water resource conservation.

**Board:** Means the Colorado Water Conservation Board as defined in §§37-60-101, 103 and 104, C.R.S.

**Board Office:** The Colorado Water Conservation Board's office is located at 1313 Sherman Street, 7th Floor, Denver, CO 80203. The phone number is (303) 866-3441. The facsimile number is (303) 866-4474. The Board's website is <http://www.cwcb.state.co.us>.

**Colorado Water Conservation Board (CWCB):** A division of the Colorado Department of Natural Resources, the CWCB was created in 1937 for the purpose of aiding in the protection and development of waters of the state. The Board's authority and role is defined in §37-60-101, et seq., CRS. The Mission Statement of the CWCB is to conserve, develop, protect, and manage Colorado's water for present and future generations.

**Covered entity:** means each municipality, agency, utility, including any privately owned utility, or other publicly owned entity with a legal obligation to supply, distribute, or otherwise provide water at retail to domestic, commercial, industrial, or public facility customers, and that has a total demand for such customers of two thousand acre-feet or more.

**Drought Mitigation:** Those actions and programs that are used prior to and during periods of unusual water scarcity to reduce the occurrence and severity of water supply shortages, and manage water supply and water demand appropriately.

**Drought Mitigation Plan:** A document that indicates how an entity or set of entities will manage impacts of water shortages over the short or long term. It may contain information on coordinated drought monitoring, impact assessment, response to emergency drought problems, and mitigation of drought impacts.

**Drought Response:** Those actions taken during a drought to manage water supplies and water demand appropriately.

**Grant Program:** Means the Water Efficiency Grant Program established through HB 05-1254 and revised through SB07-008.

**Individual with the Authority to Commit Resources:** Any individual within the submitting entity that has the authority to commit the organization's resources for the development and implementation of a water conservation plan. Examples include the City or County Manager, Mayor, Executive Director of a Special District, City, Councilperson, etc.

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**Local Governmental Entity:** means a county, municipality, city and county, water district, water and sanitation district, metropolitan district that provides water services, water conservation district, water conservancy district, or water authority.

**Office:** means the Office of Water Conservation and Drought Planning created in section §37-60-124 CRS.

**Plan Elements:** means those components of Drought Mitigation Plans that address actions and programs that may be undertaken by a submitting entity to develop, implement, monitor, review and revise its Drought Mitigation Plan.

**Project:** Means the proposed scope of work, activities and tasks that the applicant will perform using the monies awarded by the Board under the Water Efficiency Grant Program.

**Public Facility:** means any facility operated by an instrument of government for the benefit of the public, including, but not limited to, a government building, park or other recreational facility, school, college, university, or other educational institution, highway, hospital, or stadium.

**Retail Water Delivery:** means all water sales, except wholesale water sales, made by the covered or planning entity expect wholesale water sales through installments, credit sales, or the exchange of property, as well as, thereof for money; every such transactions for a consideration, condition or otherwise, constituting a sale; and/or the sale or furnishing of water.

**Submitting Entity:** means any covered entity or state or local governmental entity that submits a Drought Mitigation Plan for CWCB review and approval.

**Water Conservation:** means water use efficiency, wise water use, water transmission, distribution system and storage system efficiency, and supply substitution. The objective of water conservation is a long-term increase in the productive use of water supply in order to satisfy water supply needs without compromising desired water services.

**“Water Conservation Plan,” or “Plan”:** Means a Plan adopted in accordance with §37-60-126 CRS.

**Water Reuse:** Use of reclaimed water for a beneficial use constitutes water reuse. Direct water reuse includes treating wastewater and piping it directly into a water system without intervening dilution in natural water bodies. Indirect reuse includes an intermediate step between the generation of reclaimed water and reuse, which may be through discharge, retention, and mixing with another water supply.

**Water saving Measures and Programs:** includes any fixture, practice, hardware, or equipment that reduces water demands and a program that uses a combination of measures and incentives that provides for an increase in the productive use of a local water supply.

#### **4. Fund Application Process**

##### **a) Eligibility Requirements**

There are two groups of applicants that are eligible for monies under this Grant Program:

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- i.) Financial assistance may be provided to a covered entity and other state and local governmental entities that have a locally adopted Water Conservation Plan and has defined goals in that Plan in accordance with §37-60-126 C.R.S.
- ii.) Financial assistance may be provided to a public or private entity whose primary purpose includes the promotion of water resource conservation.

To apply, an applicant must demonstrate that:

- It is in fact a covered entity through its annual retail water demand for the past five years, and that the covered entity has a locally adopted Water Conservation Plan with goals defined for water savings; or
- It is in fact a state or local governmental entity through the disclosure of its organizational structure, its charter (or equivalent) and that the state or local governmental entity has a locally adopted Water Conservation Plan with goals defined for water savings; or
- It is in fact a public or private entity whose primary purpose includes water resource conservation based on its charter (e.g., articles of incorporation, by-laws, etc.) and/or defined operating principals.

**b) Application Submittal Requirements –**

To apply for financial assistance under this Grant Program, any eligible entity or agency may submit an application to the Office for consideration. Below are the requirements for the application submittal.

1. The name and contact information of the entity or agency seeking the grant.
2. A list of the organizations and/or individuals including those hired or otherwise retained by the entity that will assist in performing the “Project”, and a written statement of their role and contributions.
3. For covered entities and state and local governmental entities:
  - a. The identification of retail water delivery by the covered entity for each of the past five years (in acre-feet) and additional information characterizing past water use by sector (e.g., residential, commercial, industrial, irrigation) and source (e.g., surface water, groundwater, etc.).
  - b. Background characterizing the local water system, potential growth and any other pertinent issues. Information provided must include:
    - i. Current and past per capita water use for the last five years and the basis for this calculation
    - ii. Population for the past five years, current year and 10 year population projection served by the entity and the source of this information
    - iii. Estimated water savings goals to be achieved through implementation of the Plan in acre-feet and as a percentage.
    - iv. Estimates of water savings realized in the past 5 years through water conservation efforts implemented by the applicant.
    - v. Adequacy, stability, and reliability of the entity’s water system.
  - c. Indicate how the Grant Program monies will be used to address the entity’s stated water savings goals.
  - d. Indicate how the activities will be monitored to estimate actual water savings during Project implementation.

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4. For public and private entities:

- a. Identify the groups, individuals, organizations and/or institutions that will be included within the education and outreach efforts to be proposed as the Project.
- b. Identify the specific goals of the Project (e.g., identify target audience(s) to reach, policy changes, outcomes of educational efforts, etc.) with respect to promoting the benefits of water resource conservation and water efficiency through education and outreach activities. Make note of how the goals of the Project tie to the mission and objectives of the CWCB and its programs, as appropriate.
- c. Identify in detail the specific activities and tasks to be funded with the Water Efficiency Grant Program monies, including all meetings, workshops, fairs, printings, mailings and all other tasks and activities that will be used to promote the benefits of water resource conservation and water efficiency.

5. For entities, a description of the Project's scope of work shall be included. The scope of work shall state the purpose and primary features of the project, end products to be delivered, clear timelines and provide a detailed narrative of all tasks to be performed for completion of plan. Timelines must include 50 and 75% progress reports and final report submission. Each task within the scope of work must:

- be numbered.
- contain a detailed description of work to be performed.
- identify those responsible for performing the task.
- identify funding sources, such as; grant monies, entity funds, in-kind services, and cash contributions, necessary to complete the task.

6. A detailed project budget, broken down by tasks, identifying all costs associated with the project, including but not limited to labor hours and costs (in-kind and cash), and other direct costs such as: travel, per diem, copies, rental of meeting space, materials, resources, etc.

7. The signature of an individual with the authority to commit the resources of the entity seeking the Grant program monies.

**c.) Project Deliverables**

All funded projects will be required to provide written progress reports to the Board, via the Board staff, at 50% and 75% completion of the Project. The estimated dates of the progress reports must be included in the scope of work contained in the application. A progress report is a document that communicates the status of the project at a point in time. The following are items to consider when developing a progress report:

- the success of meeting previously identified goals and objectives
- obstacles encountered
- preliminary findings or accomplishments
- potential need for revisions to the scope of work and timelines

In addition, the applicant will need to prepare and submit a final Project report to the Board including a review of the activities completed, an estimate of actual water savings realized (for covered entities), and other information that is relevant to the Board's record of the Project and future use of the Project outcomes.

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**c) CWCB Application Evaluation Process**

The degree to which an application meets the above evaluation criteria will be determined by utilizing the rating system, and the CWCB evaluation Checklist.

Projects from qualified applicants will be ranked based on these criteria for the purpose of determining which Projects receive grant funds. The Board and CWCB staff has sole discretion in the determination of grant funding awards.

**d) Matching Funds**

Entities requesting funding under this program must demonstrate the ability to provide 25% of the total Project budget with matching funds, either as cash or in-kind services or through payment of consulting fees or any combination thereof. Any project partner contributing to the matching fund requirement must provide documentation, such as a letter, detailing the amount and purpose of their commitment. The Board will consider applications with a reduced level of matching funds; however these applicants will need to demonstrate financial hardship or other special circumstances to be eligible for a Board waiver of the matching fund requirement.

*NOTE: The match is not on the grant amount requested but rather on the total Project budget. (e.g. Total cost for Project = \$20,000. The minimum 25% match required for the Project = \$5,000. Therefore, the maximum grant request for the Project = \$15,000.)*

**e) Application Review and Ranking -**

CWCB staff will review applications to determine whether they meet eligibility requirements and have complied with all application submittal requirements specified in these guidelines. Based on this evaluation, the staff will recommend grants for applications for grant awards under \$50,000 will be approved administratively. A recommended grant award of \$50,000 or more will be reviewed and approved by the CWCB Board as appropriate.

Note that the Grant Program monies will need to be allocated between entities that submit meritorious applications. Although it is the Board's preference to fund "on the ground" water conservation and water resource conservation projects, focused education and outreach efforts are highly valuable and important. To this issue, the Board will decide on a case-by-case, month-by-month basis how to share the available funds based on the quality of the applications, the available funding, the needs of the State, and the nature of the stated needs represented by the applicants.

**f) Application and Award Timing -**

Funds for the Grant Program will become available on July 1 of each year. Applications can be submitted at anytime during the fiscal year to the Office for consideration noting that a given application must be received by the 1<sup>st</sup> of the month prior to the Board meeting to be considered for award at that Board meeting (e.g., applications must be received by February 1<sup>st</sup> to be considered for award at the March Board meeting). Awards will be made at each of the Board's bi-monthly meetings (i.e., January, March, May, July, September, and November) as warranted by demand and quality of applications. Award of the available monies can be made for one fiscal year, or for a group of fiscal years depending upon the availability of funding, the needs of the Board and the merits of any given application.

Notification of awards will be made in writing within 30 days after the associated Board meeting.

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**g) Grant Reimbursement**

The CWCB will make payments during the term of the project from the Water Efficiency Grant Program Cash Fund to the covered entity, state and local governmental entity, public or private entity that has been awarded funds, as requested by each applicant in their scope of work. All awarded grants will be bound by a Colorado State contract or purchase order that is in accordance with State fiscal rules. An applicant shall not commence work on any portion of the project funded by CWCB grant monies prior to the CWCB generating a purchase order or contract for the project. All payments will be based on invoices for work already completed. Also, please note according to State fiscal rules the Office has 45 days to process an invoice and send payment to the entity once an invoice is received. The individual payments do not need to be equal. All payments will be based on invoices for work already completed. The final payment will be at least 10% of the total grant award, which will not be released until completion of the Project. Note that all monies awarded under this Grant Program must be expended before June 30, 2020.

**5.) Applications Requesting Funding for Metering Infrastructure Projects**

In accordance with C.R.S. 37-60-119, the CWCB may assist eligible entities who seek to fund implementation projects such as improving its metering infrastructure through a CWCB Water Project Loan or a Water Efficiency Grant. Water Efficiency Grant funds will not be used to fund any new metering projects required by C.R.S. 37-97-101, 102 & 103 (Metering Act), but will partially fund projects that improve an existing metering system resulting in a more advanced metering infrastructure or to increase water efficiencies within an entity's water system. The amount of funds to be used from the Water Efficiency Fund will be set at 10% of the total project cost or a maximum of \$50,000, whichever is the lesser amount. Additionally, a cash contribution is required as the minimum 25% in-kind match for metering infrastructure projects. The remaining project cost can be funded through the CWCB Loan Program. Applications will be reviewed by CWCB staff & approved by the CWCB Board if the grant request is \$50,000.