

# COLORADO WATER CONSERVATION BOARD

## Department of Natural Resources

Bill Ritter, Jr, Governor

Harris D. Sherman, DNR Executive Director

Rod Kuharich, CWCB Director

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# SENATE BILL 07-122

## THE 2007 WATER PROJECTS BILL

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### Background

The General Assembly annually authorizes new water project loans from the Construction Fund and the Perpetual Base Account of the State Severance Tax Trust Fund.

The **Construction Fund** was created in 1971 to provide low-interest loans for water projects. The fund has financed more than 320 locally sponsored water projects. The CWCB may contribute up to 90 percent of the engineering and construction cost of a project. The CWCB may also provide non-reimbursable investments for up to 50 percent of the cost of a feasibility study and other water supply investigations.

In FY 2007, loan rates vary from:

- 2.50 percent for agricultural loans;
- 3.75 percent for municipal loans in middle-income areas; to,
- 5.25 percent for commercial loans.

These rates are adjusted each fiscal year by the CWCB.

The Construction Fund is a partially self-supporting revolving loan fund. Revenues come from the return of principal and interest on outstanding loans, interest earned on the fund's cash balance in the state treasury, and federal mineral royalty distributions. The total equity of the fund exceeds \$274 million. The total fund equity includes the outstanding loan portfolio, authorized projects currently under contract, authorized projects not yet under contract, and cash available for new loans.

The **Severance Tax Trust Fund Perpetual Base Account** was established by the General Assembly in 1997. Principal funding comes from the taxes paid by the producers of gas, oil, coal and other minerals.

The total equity of the Perpetual Base Account has risen to more than \$200 million. The total fund equity includes severance tax revenue, the outstanding loan portfolio, authorized projects currently under contract and authorized projects not yet under contract.



### 2007 Projects Bill Highlights

• *Authorizes more than \$145 million for new loans;*

• *Provides over \$5.0 million for satellite monitoring, water supply and planning studies, flood control and other projects.*

For more information, contact Mike Serlet at CWCB at (303) 866-3426.

CWCB

1313 Sherman Street, Room 721,  
Denver, CO, 80203

Phone: (303) 866-3441

FAX: (303) 866-4474

Internet: [www.cwcb.state.co.us](http://www.cwcb.state.co.us)

## Water Project Loans

### New Construction Fund loans:

Loan Recipient	Name of Project	County	Amount
City of Aurora Water Activity Enterprise	Prairie Waters Pipeline Project	Arapahoe & Adams	\$75,750,000
<b>Total</b>			<b>\$75,750,000</b>

### New Severance Tax Trust Fund Perpetual Base Account (PBA) loans:

Southeastern Colorado Water Conservancy District Water Activity Enterprise	Arkansas Valley Conduit Project	Pueblo, Otero & Crowley	\$60,600,000
Penrose Water District Water Activity Enterprise	Water Rights Purchase, Raw Water Pipeline and Reservoir Enlargement	Fremont	\$ 8,844,570
<b>Total</b>			<b>\$69,444,570</b>

## Recommended Non-reimbursable Investments

The CWCB accepts applications for non-reimbursable projects from the Construction Fund until August 31 of each year. Applications for non-reimbursable project investments are accepted for:

1. Projects or studies of statewide impact or importance.
2. Feasibility studies and projects designed to address statewide, region wide, or basin wide issues. The Board examines whether such studies will result in new loans.

<b>CWCB</b> Stream Gage Fund	Creates a continuously appropriated fund to install, maintain, and operate stream gauges to monitor and administer in-stream flow water rights and high flood flows as statutorily authorized.	Statewide	\$250,000
<b>Division of Water Resources</b> Satellite Monitoring	Appropriates funds to install, maintain, and operate satellite monitored stream gauges for water rights administration as statutorily authorized.	Statewide	\$350,000
<b>CWCB</b> Upper Arkansas River Basin Groundwater Bibliography	Complete a digital and geo-referenced bibliography of publicly available studies and data related to the alluvial aquifer system of the Upper Arkansas river, including bedrock aquifers of entire system.	Upper Arkansas River basin	\$40,000
<b>CWCB</b> Upper Arkansas River Basin Decision Support System Feasibility Study	Determine the feasibility of developing a decision support system for the upper Arkansas river, taking into account the basin specific needs and water resource challenges to identify scope, functions, and elements of a decision support system.	Upper Arkansas River basin	\$200,000
<b>CWCB</b> Colorado Decision Support System Modeling & Engineering Support	Funding for engineering support services to assist staff in conducting technical modeling analysis for instream flow issues, statewide water supply initiatives, interbasin compact issues and other water resources planning support.	Statewide	\$200,000

<b>CWCB</b> Snowmelt Timing Study	Collaborate with the U.S. Geological Survey in an analysis of snowpack melt timing, stream flow runoff timing, and trends in monthly air temperatures and precipitation in high elevations to further understand the impacts on water resources in Colorado.	Statewide	\$40,000
<b>Local Communities</b> Continuation of the Floodplain Map Modernization Program	Assist communities to revise and improve floodplain studies and maps.	Statewide	\$500,000
<b>CWCB</b> Colorado Flood Decision Support System	Develop Phase I of a statewide decision support system to provide a clearinghouse of flood hazard information, flood outlook data, weather modification information, stream restoration facts and other flood related statistics to be used by engineers, floodplain managers and emergency response agencies.	Statewide	\$250,000
<b>CWCB</b> Continuation of the Chatfield Reservoir Reallocation Study	Continue development of the Chatfield Reservoir Reallocation Study in cooperation with the U.S. Army Corps of Engineers.	South Platte Basin	\$600,000
<b>Water Conservation Districts</b> Continuation of the Weather Modification Program	Assist water conservation and conservancy districts with the development of cloud seeding programs to provide benefits to recreation, streams, and reservoirs through snowpack enhancement	Statewide	\$150,000
<b>CWCB</b> Drought Mitigation Planning Technical Assistance Program	Provide technical assistance to Colorado's water providers in the development of drought mitigation plans	Statewide	\$150,000
<b>CWCB</b> Colorado Water Needs and Alternatives Analysis	Evaluate water availability in the Colorado River basin to help address the water supply gap between proposed water projects and the total amount of water needed to meet Colorado's future water demands and needs.	Statewide	\$500,000
<b>Colorado Water Trust</b> CCC Ditch Diversion Rehabilitation on the San Miguel River	Participate with the Colorado Water Trust in a demonstration project on the San Miguel River to modify the CCC Ditch Co.'s diversion structure to eliminate the barrier to fish migration and recreational boats while still providing a full supply of irrigation water to the ditch	San Miguel Basin	\$65,000
<del><b>CWCB</b> Recreational In-Channel Diversions &amp; Instream Flow Water Rights Studies</del>	<del>Evaluate how instream flow water rights and recreational in-channel diversion water rights affect both current and future water management of Colorado's water.</del>	<del>Statewide</del>	<del>\$150,000</del>
<b>CWCB</b> Water Conservation Public Awareness Research Study	Conduct a study to identify critical attitudes, perceptions and behaviors among Coloradans regarding water and water use efficiency.	Statewide	\$150,000
<b>CWCB</b> South Platte River & Arkansas River Basins Alternative Agriculture Water Transfer	Develop and implement a competitive grant program to advance agricultural transfers as alternatives to permanent agricultural dry-up in the S.Platte and Arkansas river basins. Alternatives may include interruptible water supply agreements, agricultural land fallowing, water	S.Platte & Arkansas River Basins	\$1,500,000

Sustainability Grant Program	banks, consumptive use reduction through efficiencies and leaseback of agricultural lands.		
Colorado Mtn. College Rocky Mountain Fen Demonstration Project	Explore the extent to which transplantation of organic peat soils from potentially impacted areas to specifically prepared receiver sites can serve as mitigation to fen wetland areas.	Statewide	\$100,000
		<i>Total</i>	<b>\$5,045,000</b>

### Other Provisions

**Loan de-authorizations:** the bill de-authorizes loans authorized more than three years ago because project sponsors no longer need or want funding. The money is then available for other uses.

**Restoration of Fund Balances:** money is provided to re-capitalize the flood response fund.

**Statutory Revisions:** Four proposed revisions to the Colorado Revised Statutes are included in this year's bill to 1) to provide spending authority for permit fees from the Weather Modification Program to be expended for weather modification program purposes, 2) to increase the amount authorized for the Colorado Water Conservation Board to make loans from the Construction Fund and Severance Tax Trust Fund Perpetual Base Account without legislative authorization from five million dollars to ~~twenty~~ five ten million dollars, 3) clarifies the statutory language to more efficiently administer the Agricultural Emergency Drought Response grant program, and 4) increases the Flood Response Fund from one hundred fifty thousand dollars to three hundred thousand dollars.

**Session Law Revisions:** the bill amends the 2005 Water Projects Bill, SB05-084, to allow a borrower to complete additional activities with authorized loan funds.

### Other Amendments

An amendment was made to the bill in the House Ag Committee authorizing an appropriation of \$1 million from the Severance Tax Trust Fund Perpetual Base Account to the Department of Natural Resources Division of Forestry for purposes authorized in HB 07-1130 related to protecting water supplies in pine beetle killed forests.

### Notes

Provisions included in the 2003 Construction Fund Projects Bill allow the CWCB to approve loans up to \$5 million without legislative authorization. A report detailing the 16 loans made in 2006, valued at over \$10 million, was presented to the House and Senate Agriculture Committees January 12, 2007. Copies of the report are available upon request.

**NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.**



SENATE BILL 07-122

BY SENATOR(S) Isgar, Kester, Tapia, Taylor, and Williams;  
also REPRESENTATIVE(S) Curry, Looper, and Rice.

CONCERNING THE FUNDING OF COLORADO WATER CONSERVATION BOARD  
PROJECTS, AND MAKING APPROPRIATIONS IN CONNECTION  
THEREWITH.

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1. Water project loan authorizations from the Colorado water conservation board construction fund.** (1) Pursuant to section 37-60-122 (1) (b), Colorado Revised Statutes, the Colorado water conservation board is hereby authorized to loan moneys from the Colorado water conservation board construction fund to enable the construction of the following water resources project or the purchase of water rights with the following priority:

<b>Priority</b>	<b>Borrower - Project</b>	<b>Loan Amount</b>
(a)	City of Aurora Water Activity Enterprise - Prairie Waters Project Pipeline	<u>\$75,750,000</u>
	<b>Total</b>	<b>\$75,750,000</b>

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

(2) The Colorado water conservation board may make loans for the construction of the project specified in subsection (1) of this section from such moneys as are or may hereafter become available to the Colorado water conservation board construction fund. The loan shall be in the amount listed in subsection (1) of this section plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by the engineering cost indices applicable to the types of construction required for the project or as may be justified by reason of changes in the plans for a project due to differing or unforeseen site conditions, errors or omissions in the plans and specifications, changes instituted by regulatory agencies, or changes in material quantities beyond contract limits.

(3) Pursuant to section 37-60-120 (1), Colorado Revised Statutes, the Colorado water conservation board shall require such terms and conditions in such contracts as will ensure repayment of funds made available by it. The board shall not disburse any moneys for any loan authorized by subsection (1) of this section unless and until it is satisfied, in its sole discretion, that the recipient of any such loan will be able to make repayment pursuant to the terms and conditions established by the board and by subsection (1) of this section.

**SECTION 2. Water project loan authorizations from the severance tax trust fund perpetual base account.** (1) Pursuant to section 39-29-109 (1) (a) (I), Colorado Revised Statutes, the Colorado water conservation board is hereby authorized to loan moneys from the severance tax trust fund perpetual base account to enable the construction of the following water resources projects with the following priority:

<b>Priority</b>	<b>Borrow - Project</b>	<b>Loan Amount</b>
(a)	Southeastern Colorado Water Conservancy District Water Activity Enterprise* Arkansas Valley Conduit Project	\$60,600,000
(b)	Penrose Water District Water Activity Enterprise Water Rights Purchase and Raw Water Pipeline	<u>\$8,844,570</u>
	<b>Total</b>	<b>\$69,444,570</b>

\* The moneys appropriated for this project shall remain available for the designated purposes until the project is completed; except that, if the project sponsor does not enter into a loan contract with the Colorado water conservation board within two years after the effective date of this section, then the moneys appropriated in this subsection (1) shall no longer be available for the designated purposes and shall become available for other lawful uses.

(2) The Colorado water conservation board may make loans for the construction of the projects specified in subsection (1) of this section from such moneys as are or may hereafter become available to the severance tax trust fund perpetual base account. Said loans shall be in the amounts listed in subsection (1) of this section plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by the engineering cost indices applicable to the types of construction required for each project or as may be justified by reason of changes in the plans for a project due to differing or unforeseen site conditions, errors or omissions in the plans and specifications, changes instituted by regulatory agencies, or changes in material quantities beyond contract limits.

(3) Pursuant to section 37-60-120 (1), Colorado Revised Statutes, the Colorado water conservation board shall require such terms and conditions in such contracts as will ensure repayment of funds made available by it. The board shall not disburse any moneys for any loan authorized by subsection (1) of this section unless and until it is satisfied, in its sole discretion, that the recipient of any such loan will be able to make repayment pursuant to the terms and conditions established by the board and by subsection (1) of this section.

**SECTION 3. Decreases to prior water project loan authorizations from the Colorado water conservation board construction fund.**

<b>Borrower - Project</b>	<b>Prior Authority</b>	<b>Prior Amount</b>	<b>Decrease</b>	<b>Amount Remaining</b>
Ryan Gulch Reservoir Company - Ryan Gulch				

Reservoir Dam Rehabilitation	SB 99-173	\$317,500	\$317,500	\$0
<b>Totals</b>		\$317,500	\$317,500	\$0

**SECTION 4.** Part 1 of article 60 of title 37, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**37-60-124.4. Stream gauge fund - created.** THERE IS HEREBY CREATED IN THE STATE TREASURY THE STREAM GAUGE FUND, REFERRED TO IN THIS SECTION AS THE "GAUGE FUND". THE STATE TREASURER IS HEREBY AUTHORIZED AND DIRECTED TO TRANSFER TWO HUNDRED FIFTY THOUSAND DOLLARS FROM THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND TO THE GAUGE FUND. THE MONEYS IN THE GAUGE FUND ARE HEREBY CONTINUOUSLY APPROPRIATED TO THE BOARD FOR STREAM GAGING AND DATA COLLECTION EFFORTS RELATED TO INSTREAM FLOW MONITORING, COMPACT PROTECTION, DECISION SUPPORT SYSTEMS, AND FLOOD FORECASTING AND ANALYSIS. IN ADDITION TO ANY REMAINING BALANCE IN THE GAUGE FUND AT THE END OF ANY FISCAL YEAR, THE BOARD IS HEREBY AUTHORIZED, FROM THE WATER CONSERVATION BOARD CONSTRUCTION FUND, TO ANNUALLY PROVIDE UP TO TWO HUNDRED FIFTY THOUSAND DOLLARS IN ORDER TO RESTORE THE UNENCUMBERED BALANCE IN THE GAUGE FUND TO TWO HUNDRED FIFTY THOUSAND DOLLARS. ALL INTEREST DERIVED FROM THE INVESTMENT OF MONEYS IN THE GAUGE FUND SHALL BE CREDITED TO THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND. THE BOARD SHALL REVIEW THE PURPOSES OF THE GAUGE FUND ANNUALLY AND IS HEREBY AUTHORIZED TO CEASE PROVIDING MONEYS IN THE FOLLOWING YEAR IF, IN ITS DISCRETION, THE BOARD DETERMINES THAT THE PURPOSES FOR WHICH THE GAUGE FUND WAS ESTABLISHED HAVE CEASED. THE BOARD MAY SET TERMS AND CONDITIONS AS IT DEEMS APPROPRIATE CONCERNING THE ANNUAL EXPENDITURES OF MONEYS FROM THE GAUGE FUND.

**SECTION 5. Satellite monitoring system maintenance - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources for allocation to the division of water resources, for the fiscal year beginning July 1, 2007, the sum of three hundred fifty thousand dollars (\$350,000), or so much thereof as may be necessary, for renovation of



existing gauging stations, replacement of outdated collection platforms, and upgrading of transmission components of the satellite monitoring system established and operated pursuant to section 37-80-102 (10), Colorado Revised Statutes.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until they are fully expended.

**SECTION 6. Upper Arkansas river basin ground water bibliography - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources for allocation to the Colorado geological survey, for the fiscal year beginning July 1, 2007, the sum of forty thousand dollars (\$40,000), or so much thereof as may be necessary, to complete a digital and geo-referenced bibliography of publicly available studies and data related to the alluvial aquifer system of the upper Arkansas river and major tributaries, including the bedrock aquifers for the entire system. The scope of work for the study shall be developed by the Colorado geological survey in consultation with the Colorado water conservation board.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 7. Upper Arkansas river basin decision support system feasibility study - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of two hundred thousand dollars (\$200,000), or so much thereof as may be necessary, for the board to complete a feasibility study for a decision support system in the upper Arkansas river basin upstream of Pueblo reservoir. The study shall determine the feasibility of developing a decision support system for the upper Arkansas river basin, taking into account the basin-specific needs and water resource challenges and shall identify the scope, functions, and elements of the decision support system as well as the data needs, costs, and schedule to develop the decision support system.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 8. Colorado decision support system modeling and engineering support services - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of two hundred thousand dollars (\$200,000), or so much thereof as may be necessary, for engineering support services to assist staff in conducting technical modeling analysis for instream flow issues, statewide water supply initiative issues, interbasin compact issues, and other water resource planning support needs utilizing the Colorado decision support system.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 9. Snowmelt timing study - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of forty thousand dollars (\$40,000), or so much thereof as may be necessary, for the board to collaborate with the United States geological survey in an analysis of snowpack melt timing, stream flow runoff timing, and trends in monthly air temperature and precipitation in Colorado's high elevation areas in order to further understand their impacts on water resources and implications for water management in Colorado, including changes in water use, reservoir operations, timing and magnitude of snowmelt flooding, drought response, and availability of instream flows.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 10. Continuation of the Colorado floodplain map modernization - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the

Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of five hundred thousand dollars (\$500,000), or so much thereof as may be necessary in order to restore the unencumbered balance in the previously appropriated map modernization account to five hundred thousand dollars (\$500,000), for the board to continue to assist with the preparation of revised and improved floodplain studies and maps for communities throughout Colorado and participate in federally sponsored floodplain map modernization activities.

(2) The amounts appropriated in this section are in addition to amounts appropriated previously for the Colorado floodplain map modernization program. The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 11. Colorado flood decision support system - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of two hundred fifty thousand dollars (\$250,000), or so much thereof as may be necessary, for the board to develop phase 1 of a statewide flood decision support system in order to provide a clearinghouse of flood hazard information, timely and well-organized flood outlook data products, weather modification information, stream restoration facts, levee and dam inventories, and other flood-related statistics to be used by a variety of engineers, floodplain managers, and emergency response agencies through an organized website providing links between data sources, users, and state flood protection staff.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 12. Continuation of the Chatfield reservoir reallocation study - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the

Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of six hundred thousand dollars (\$600,000), or so much thereof as may be necessary, for the board to continue development of the Chatfield reservoir reallocation study.

(2) The amounts appropriated in this section are in addition to amounts appropriated previously for the Chatfield reservoir reallocation study. The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 13. Continuation of the weather modification program - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of one hundred fifty thousand dollars (\$150,000), or so much thereof as may be necessary, for the board to continue to assist water conservation districts, water conservancy districts, and other water providers with the development of cloud seeding programs that provide benefits to recreation, streams, and reservoirs through snowpack enhancement.

(2) The amounts appropriated in this section are in addition to amounts appropriated previously for the weather modification program. The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 14. Drought mitigation planning technical assistance program - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of one hundred fifty thousand dollars (\$150,000), or so much thereof as may be necessary, for the board to implement tasks and achieve goals identified in its office of water conservation and drought planning drought and water supply assessment study, including the statutory mission of promoting drought mitigation planning by providing technical assistance to Colorado's water providers as they develop drought mitigation plans.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 15. Colorado water needs and alternatives analysis - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of five hundred thousand dollars (\$500,000), or so much thereof as may be necessary, for the board to evaluate water availability in the Colorado river basin and its tributaries. The board shall work in full consultation with, and with the active involvement of, the basin roundtables. The study shall consider current and potential future in-basin consumptive and nonconsumptive needs. The board, in consultation with the basin roundtables, shall recommend whether additional study or phases of study should be undertaken.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 16. CCC ditch diversion rehabilitation on the San Miguel river - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of sixty-five thousand dollars (\$65,000), or so much thereof as may be necessary, for the board to participate with the Colorado water trust in a demonstration project on the San Miguel river to modify the diversion structure of the CCC ditch to eliminate the barrier the structure currently causes to fish migration and recreational boats while still providing a full supply of irrigation water to the CCC ditch. The scope of work for the project shall be developed by the Colorado water trust cooperatively with the CCC ditch company and the San Miguel watershed coalition, in consultation with the Colorado water conservation board.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 17. Water conservation public awareness research**

**study - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of one hundred fifty thousand dollars (\$150,000), or so much thereof as may be necessary, for the board to conduct a study to identify critical attitudes, perceptions, and behaviors among Coloradans regarding water and water use efficiency, including opinions about water availability, the importance of water conservation, water project funding, sources of drinking water, and how the environment is impacted by water. The study results shall provide the basis for developing a future statewide water conservation public awareness campaign.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 18. South Platte river and Arkansas river basins alternative agriculture water transfer sustainability grant program - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of one million five hundred thousand dollars (\$1,500,000), or so much thereof as may be necessary, for the board to develop and implement a competitive grant program to advance various agricultural transfer methods as alternatives to permanent agricultural dry-up in the South Platte and Arkansas river basins, including but not limited to, interruptible water supply agreements, long-term agricultural land fallowing, water banks, reduced consumptive use through efficiency or cropping while maintaining historic return flows, and purchase by end users with leaseback under defined conditions. The board, in consultation with the basin water users, shall develop the detailed grant program design.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 19. Rocky Mountain fen demonstration project - appropriation.** (1) In addition to any other appropriation, there is hereby

appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2007, the sum of up to one hundred thousand dollars (\$100,000) not to exceed ten percent of the total project cost, or so much thereof as may be necessary, for the board to participate with the Colorado mountain college - timberline campus, in a demonstration project designed to explore the extent to which the harvest and transplantation of slow-forming organic peat soils, from an area of potential impact to specifically prepared receiver sites, can serve as mitigation of impacts to fens. The project scope of work shall be as developed by Colorado mountain college in cooperation with the city of Aurora and the Pueblo board of water works.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 20. Community-based approaches to forest restoration - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the perpetual base account of the severance tax trust fund not otherwise appropriated, to the department of natural resources, for allocation to the division of forestry, for the fiscal year beginning July 1, 2007, the sum of one million dollars (\$1,000,000), or so much thereof as may be necessary, for purposes authorized by House Bill 07-1130, enacted at the first regular session of the sixty-sixth general assembly; except that those purposes shall be limited to protecting water supplies.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the purposes have been achieved.

**SECTION 21.** 36-20-113 (1), Colorado Revised Statutes, is amended to read:

**36-20-113. Permit fee.** (1) The fee for each permit or the renewal thereof under section 36-20-114 shall be at least one hundred dollars. If the operation is a commercial project, the director shall set a fee that is sufficient to pay the direct costs of review of the permit application, public hearings regarding the application, and monitoring of permit operations

under this article. Said fees are intended to provide at least a portion of the moneys necessary to administer this article. Said fees shall be deposited into the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. SAID FEES ARE HEREBY CONTINUOUSLY APPROPRIATED TO THE DEPARTMENT OF NATURAL RESOURCES, FOR ALLOCATION TO THE COLORADO WATER CONSERVATION BOARD FOR PURPOSES ESTABLISHED BY THIS SECTION.

**SECTION 22.** 37-60-122 (1) (b), Colorado Revised Statutes, is amended to read:

**37-60-122. General assembly approval.** (1) Moneys in the Colorado water conservation board construction fund shall be expended in the following manner and under the following circumstances:

(b) The general assembly may authorize such projects as it deems to be to the advantage of the people of the state of Colorado and shall direct the board to proceed with said projects in the priorities established by the general assembly under terms approved by the general assembly. The board is authorized to make loans without general assembly approval in amounts not to exceed ~~five~~ TEN million dollars. The unappropriated balance of moneys in the Colorado water conservation board construction fund and the state severance tax trust fund perpetual base account shall be available and continuously appropriated for this purpose. The board shall submit a written determination of the basis for such project loans to the general assembly by January 15 of the year following the year in which the loan was made.

**SECTION 23.** 37-60-123.5 (1), Colorado Revised Statutes, is amended to read:

**37-60-123.5. Agricultural emergency drought response.** (1) If, pursuant to federal or state law, any portion of Colorado has received emergency drought designation or a disaster emergency has been proclaimed due to drought, notwithstanding the provisions of section 39-29-109 (1) (a), C.R.S., in addition to any other moneys appropriated from the perpetual base account of the severance tax trust fund, created by section 39-29-109, C.R.S., up to one million dollars in the perpetual base account of the severance tax trust fund are continuously appropriated ANNUALLY to the director of the Colorado water conservation board and the



state engineer ~~annually per~~ FOR ANY such designation or proclamation to make loans and grants to agricultural organizations for emergency drought-related water augmentation purposes.

**SECTION 24.** 37-60-123.2, Colorado Revised Statutes, is amended to read:

**37-60-123.2. Flood response fund - created.** There is hereby created in the state treasury the flood response fund, referred to in this section as the "response fund". The state treasurer is hereby authorized and directed to transfer ~~one hundred fifty~~ THREE HUNDRED thousand dollars from the Colorado water conservation board construction fund to the response fund. The ~~Colorado water conservation~~ board is authorized to provide funding for flood preparedness and for response and recovery activities following flood events and disasters. The moneys in the response fund are hereby continuously appropriated to the board for flood response purposes, including, but not limited to, the immediate availability of funds for aerial photography of flooded areas, flood documentation and identification of specific hazards, evaluations and revisions of floodplain designations, flood forecasting and preparation, and development of disaster and recovery mitigation plans. All interest derived from the investment of moneys in the response fund shall be credited to the Colorado water conservation board construction fund. Any balance remaining in the response fund at the end of any fiscal year shall remain in the fund.

**SECTION 25. Restoration of flood response fund balance.** The state treasurer shall transfer a total of three hundred thousand dollars (\$300,000), or so much thereof as may be necessary, from the unreserved cash in the Colorado water conservation board construction fund to the flood response fund created in section 37-60-123.2, Colorado Revised Statutes, in order to restore the unencumbered balance in the flood response fund to three hundred thousand dollars (\$300,000).

**SECTION 26.** Section 1 of chapter 224, Session Laws of Colorado 2005, is amended to read:

Section 1. **Water project loan authorizations from the severance tax trust fund perpetual base account.** (1) Pursuant to section 39-29-109 (1) (a) (I), Colorado Revised Statutes, the Colorado water conservation board is hereby authorized to loan moneys from the severance tax trust fund

perpetual base account to enable the construction of the following water resources projects with the following priority:

<b>Priority</b>	<b>Borrower - Project</b>	<b>Loan Amount</b>
(a)	Central Colorado Water Conservancy District Well Augmentation Sub-district - Water Rights Purchase and Construction of Lined Gravel Pit Water Storage* AND GROUNDWATER RECHARGE PROJECTS	
		<u>\$20,200,000</u>
	<b>Total</b>	\$20,200,000

\* This loan is to refinance projects wholly or partially completed

(2) The Colorado water conservation board may make loans for the construction of the ~~project~~ PROJECTS specified in subsection (1) of this section from such moneys as are or may hereafter become available to the severance tax trust fund perpetual base account. ~~The loan~~ SAID LOANS shall be in the ~~amount~~ AMOUNTS listed in subsection (1) of this section plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by the engineering cost indices applicable to the types of construction required for ~~the~~ EACH project or as may be justified by reason of changes in the plans for a project due to differing or unforeseen site conditions, errors or omissions in the plans and specifications, changes instituted by regulatory agencies, or changes in material quantities beyond contract limits.

(3) Pursuant to section 37-60-120 (1), Colorado Revised Statutes, the board shall require such terms and conditions in ~~the~~ SUCH contracts as will ensure repayment of funds made available by it. The board shall not disburse any moneys for ~~the~~ ANY loan authorized by subsection (1) of this section unless and until it is satisfied, ~~at~~ IN its sole discretion, that the recipient of ~~the~~ ANY SUCH loan will be able to make repayment pursuant to the terms and conditions established by the board and by subsection (1) of this section.

**SECTION 27. Effective date.** This act shall take effect upon passage; except that section 20 of this act shall take effect only if House Bill

07-1130 is enacted at the first regular session of the sixty-sixth general assembly and becomes law.

**SECTION 28. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

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Joan Fitz-Gerald  
PRESIDENT OF  
THE SENATE

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Andrew Romanoff  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

---

Karen Goldman  
SECRETARY OF  
THE SENATE

---

Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

APPROVED \_\_\_\_\_

---

Bill Ritter, Jr.  
GOVERNOR OF THE STATE OF COLORADO