

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

John W. Hickenlooper, Governor

Mike King, DNR Executive Director

Jennifer L. Gimbel, CWCB Director

SENATE BILL 12-165

THE 2012 WATER PROJECTS BILL

Background

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

The Colorado Water Conservation Board (CWCB) Statewide Water Supply Initiative has determined that 200K to 600K acre-feet of additional M&I water will be needed by water providers by 2050.

The **Construction Fund** (Fund) was created in 1971 to provide low-interest loans for water projects. The Fund has financed up to 90% of engineering and construction costs for more than 400 locally sponsored water projects. The Fund may also provide non-reimbursable investments.

The Fund is a revolving loan fund that allows the CWCB to be self-supporting and operate without money from the General Fund. Revenues come from interest earned on outstanding loans and on the fund's cash balance in the state treasury, and royalty distributions from federal mineral leases (FML).

The **Severance Tax Trust Fund Perpetual Base Account** (Account) was established by the General Assembly in 1997. The Account provides low-interest loans to municipalities, water districts, and agricultural water users throughout Colorado for a wide variety of water infrastructure improvement projects. The Account is administered by the CWCB and is funded primarily with severance taxes paid by the producers of gas, oil, coal and other minerals. Repayment of principal and interest on loans and investment income also contribute to the Account's balance.

FY 11/12, loan rates for both funds are:

- 2.75% for agricultural loans; to,
- 4.0% to 5.00% for municipal loans; to,
- 6.25% for commercial loans.

These rates are adjusted each fiscal year by the CWCB.



2012 Water Projects Bill Highlights

Provides over \$6 million for watershed protection, flood control programs, satellite monitoring of stream gauge systems, and other programs and projects, and \$55 million in reservoir projects.

For more information, contact
Andy White, Legislative Program
Manager - (303) 523-4225

CWCB
1313 Sherman Street, Room 721,
Denver, CO, 80203
Phone: (303) 866-3441
FAX: (303) 866-4474
Internet: www.cwcb.state.co.us

Recommended Non-reimbursable Investments

The CWCB accepts applications for non-reimbursable projects from the Construction Fund until August 1st of each year. Applications for non-reimbursable projects 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.

Division of Water Resources (Sec.1) Satellite Monitoring	Appropriates funds to install, maintain, and operate satellite monitored stream gauges for water rights administration as statutorily authorized.	Statewide	\$300,000
CWCB (Sec.2) 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. This Program leverages \$200,000 in local funds annually.	Statewide	\$175,000
Local Communities (Sec.3) Continuation of the Floodplain Map Modernization Program	Assist communities to revise and improve floodplain studies and maps. Provides the required non-federal matching dollars that are further leveraged by local cost share and in-kind services. This Program leverages four million dollars in local and federal funds annually.	Statewide	\$500,000
CWCB (Sec. 4) Continuation of the Watershed Restoration Program	Continue to provide planning and engineering studies, including implementation measures, to address technical needs for watershed restoration and flood mitigation projects throughout the State. In FY11/12 this program leveraged seven dollars for every one dollar spent.	Statewide	\$500,000
CWCB (Sec. 5 and 6) Repurposing and Restoration of Flood Response Fund Balance	Refreshes the fund created to respond to flood events by documentation, forecasting, post flood mapping and flood mitigation, renames the fund to the Flood and Drought Response Fund, repurposes the fund to include drought preparedness and response, and amends CRS 37-60-123.2 to include drought.	Statewide	\$300,000
CWCB (Sec. 7) Phreatophyte Control Cost Sharing Program	Continues funding the control of phreatophytes cost sharing grants through existing CWCB Board grant programs. The program leverages money at 1:1 ratio.	Statewide	\$1,000,000
CWCB (Sec. 8) Continuation of the Colo. River Water Availability Study	Allows the CWCB Board to continue model development, to formulate and evaluate water demand alternatives and to perform a risk management analysis on various Colorado River issues, as another component of the Colorado River Water Availability Study	Statewide	\$2,000,000
CWCB (Sec. 9) South Platte Groundwater Level Data Collection and Analysis	Allows the CWCB Board to collect and analyze groundwater data along the South Platte, to update the South Platte Decision Support Model, to make model enhancements, to install instrumentation and monitoring devices and to construct test projects to evaluate cause.	Statewide	\$500,000
CWCB (Sec. 10) Continuation of Alternative Agriculture Water Transfer Sustainability Grant Prgm.	Allows for the CWCB Board to continue to develop and implement a statewide competitive grant program to advance various agricultural transfer methods as alternatives to permanent agricultural dry-up.	Statewide	\$1,000,000

CWCB (Sec.11 & 19) Rio Grande Cooperative Project	Authorizes and appropriates funds for the rehabilitation of the Rio Grande and Beaver Park Reservoirs. The funds would be allocated over two consecutive years; \$15M in FY 12/13, for a \$5M design grant to the San Luis Valley Irrigation District (District), who owns Rio Grande Res. and a \$10M loan to Colorado Parks Wildlife, who owns Beaver Park Res. The remaining \$15M would be appropriated in FY 13/14 to rehabilitate Rio Grande Reservoir by the District	Statewide	\$30,000,000
CWCB (Sec.12 & 19) Chatfield Reservoir Reallocation Project	Authorizes and appropriates funds for the purchase of Orphan Allotments in Chatfield Reservoir. If Orphan Allotments are not acquired by any of the Water Providers or by an outside third party, the storage space reverts back to the CWCB to hold or make available for redistribution at a later time. Up to 1,500 acre-feet of Orphan Allotments will be reverting back to the CWCB at an estimated cost of \$8,500/acre-foot. The Project authorizes \$13M, and appropriates \$5M in FY 12/13 and \$8M in FY 13/14.	Statewide	\$13,000,000
CWCB (Sec.13 & 19) Purchase of Colorado's Allotment of A-LP Project Water	Allows for the appropriations of \$12 million towards the purchase of all or a portion of the State's A-LP project water. This would be the third and final \$12 million installment of the \$36 million authorized under HB 10-1250. It also changes the appropriation date for the 2 nd installment from July 1, 2012 to June 30, 2012 and the 3 rd installment from July 1, 2013 to July 1, 2012	Statewide	\$12,000,000
CWCB (Sec. 17,19, & 20) Water Supply Reserve Account	Changes the Water Supply Reserve Account to a Fund. This change will allow CWCB to better manage monies and interest accruals associated with the program.	N/A	\$0
Division of Water Resources (Sec. 14) Legal Support – State Engineer's Office Water Rights Abandonment List	Every ten years the State Engineer must develop a list of water rights that have potentially been abandoned. Protests to the inclusion of individual rights on this list are assigned water court cases and are litigated like other water cases and the State must have legal representation. Including funds for legal assistance in the projects bill will help offset this decennial problem.	Statewide	\$300,000
Division of Water Resources (Sec. 15 & 16) Legal Support – State Engineer's Office Water Rights Abandonment List	Allows the SEO to continue management of the national hydrograph dataset in Colorado and to provide geographic information analysis support related to consumptive use analysis, water rights, dam break inundation, and interstate compacts.	Statewide	\$75,857
Division of Water Resources (Sec. 18) Receipt and Expenditure of CWCB Grant Funds	Allow the SEO to receive and expend grant funds received from the CWCB. SEO received \$200k grant from the WSRA in March 2011, to prepare an Alluvial Aquifer Accretion Analysis Tool, which they are not statutorily allowed to receive or spend without an amendment to the statute.	Statewide	\$0
		Total	61,650,857

Notes

A small project loan report detailing the 16 new loans made in calendar year 2011, valued at over \$23 million, has been presented to the House and Senate Agriculture Committees. Additional copies of the report are available on the legislative website at www.colorado.gov.

Water Project Construction Program – Project Data

Applicant: Division of Water Resources and Colorado Water Conservation Board

Project Name: Satellite-linked Monitoring System and Stream Gage Refurbishment program

Project Type: DWR Stream Gaging

County: Statewide **Drainage Basin:**
Statewide Drainage Basins

Water Source: N/A

Total Study Cost: \$300,000

Funding Sources: CWCB

CWCB Investment: **Interest Rate:** N/A
\$300,000

Term: N/A

This project entails the continued, long-term operational viability of the State Satellite Linked Monitoring System and Stream Gage Refurbishment Program, which is administered by the Division of Water Resources (DWR). This program encompasses over 500 satellite stream gaging stations which require continued replacement of outdated data collection platforms, upgrades to transmission components, and refurbishment of the associated infrastructure. In addition, many existing gaging stations need to be modified to provide critical stream flow data for flood warning and low flow monitoring. Changes in technology, which will ultimately

increase reliability and real time data transmission rates, will require the DWR to continue to upgrade the system in the future. The costs associated with the continued refurbishment and operational viability of the system is approximately \$300,000 per year.



Crystal River DWR/CWCB Satellite Gage



Purgatoire River @ Fishers Crossing
DWR/CWCB Compact Gage

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 721

Denver, Colorado 80203

Phone: (303) 866-3441

Fax: (303) 866-4474

www.cwcb.state.co.us



TO: Colorado Water Conservation Board Members

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

DATE: November 10, 2011

SUBJECT: **Agenda Item 18f, November 15-16, 2011 Board Meeting**
Severance Tax Trust Fund Perpetual Base Account
Colorado Water Conservation Board - Chatfield Reservoir Reallocation

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Staff Recommendation

Staff recommends that the Board request the General Assembly to authorize up to \$13 million in the 2012 Projects Bill, from the Severance Tax Perpetual Base Account, to fund the Chatfield Reservoir Reallocation project to acquire reservoir storage space.

Background

The CWCB contracted with the Corps to investigate the “reallocation” of existing storage space in Chatfield reservoir. The Corps has prepared a Feasibility Report and Environmental Impact Statement (FR/EIS), which is currently under review by the Corps Headquarters office in Washington, D.C. The Corps is the lead federal agency in partnership with the Colorado Department of Natural Resources and several of its Divisions.

Currently, water provider entities (Water Providers) are working closely with the State and the Corps to obtain various amounts of storage space within the proposed reallocation pool. The Water Providers’ preferred alternative is to reallocate up to 20,600 acre-feet of existing storage space in Chatfield for municipal and irrigation and agricultural water needs. Letters of Commitment (LOC) were executed between the CWCB and all Water Providers that specified procedures in the event that a Water Provider wants to opt out (cancel) its storage allocation (Orphan Allotment). The LOC provision states that a Water Provider must first offer an Orphan Allotment to the other Water Providers. If the Orphan Allotment is not acquired by any of the Water Providers or by an outside third party, the procedure in the LOC provides that the storage space will revert back to the CWCB to hold or make available for redistribution at a later time.

For the first time in the study process, storage space may be reverting back to the CWCB for which there are no apparent buyers. It appears likely that up to 1,500 acre-feet of Orphan Allotments will be reverting back to the CWCB. Based on best available information, staff recommends that an estimate of \$8,500 per acre-foot of storage space be considered for authorization purposes. Therefore, the total cost to acquire the Orphan Allotments would be approximately \$13 million.

It is proposed that the funding for the Chatfield Reallocation Project be included in the CWCB 2012 Projects Bill, requesting an amendment to section 39-29-109, C.R.S. (2011) to allow the State Treasurer to transfer from the Severance Tax Trust Fund Perpetual Base Account to the Colorado Water Conservation Board Construction Fund, \$13 million for the purchase of the identified Orphan Allotments associated with the Chatfield Reallocation Project.

It is contemplated that \$5 million would be requested for appropriation in fiscal year 2012/13 as part of the 2012 Projects Bill, and the remaining \$8 million requested for appropriation in fiscal year 2013/14, as part of the 2013 Projects Bill. The amendment to statute would describe how the funds would be directed and that the Colorado Water Conservation Board would be responsible for the review and approval of all funds pursuant to sections 37-60-122 and 39-29-109, C.R.S. (2011).

Water Project Construction Program – Project Data

Applicant: Colorado Water Conservation Board

Project Name: Alternative Agricultural Water Transfer Methods Grant Program

Project Type: Demonstration Project

County: Statewide

Drainage Basin:
Statewide Drainage Basins

Water Source: N/A

Total Study Cost: \$1,000,000

Funding Sources: CWCB

CWCB Investment: \$1,000,000
Interest Rate: N/A

Term: N/A

Staff is requesting funding for the Alternative Agricultural Water Transfer Methods—Statewide Competitive Grant Program in the amount of \$1,000,000 to continue the support of critical projects and activities that advance methods providing for alternatives to permanent transfer of agricultural water rights to urban areas for municipal and industrial uses.

The 2007 Legislature approved the Colorado Water Conservation (CWCB) to develop a competitive grant program to advance various agricultural transfer methods as alternatives to permanent dry-up in the Arkansas and South Platte Basins (authorized under SB 07-122). In 2009, an additional appropriation was made to continue the advancement of alternative agricultural water transfers. Since its inception, the CWCB's Alternative Agricultural Water Transfer Methods Grant Program has awarded approximately \$2.8 million to various water providers, ditch companies, and university groups to help support a variety of projects to study and further various alternative water transfer methods including rotational fallowing, Interruptible Service Agreements (ISAs), water banks, purchase and leasebacks, deficit irrigation, and changing crop types. Through this program, many worthwhile projects have been made possible including the continuation of engineering support for the Super Ditch, on-farm analysis of limited irrigation techniques (i.e. Parker Water and Sanitation District), analysis of a West-Slope water bank and analysis of “water cooperative” in the lower South Platte River to name a few. Significant advancements in alternative water transfers are underway. For example, in the Arkansas basin, a pilot project is being developed to demonstrate the temporary transfer of 500 acre-feet from the Catlin Canal to the City of Fountain and other municipal users. Another effort includes the development of an administrative tool or model that for calculating transferable consumptive use and assessing impacts to the stream aquifer system from temporary transfers of water rights associated with lease fallowing agreements. These efforts are a few examples of how this program has advanced this relatively new area of water resource management over the period of several years.

Staff recommends that funding be targeted towards projects that help facilitate actual water sharing agreements between irrigators and other users (i.e. municipal, industrial, agricultural, recreational or environmental). It is contemplated that pilot projects would be eligible for funding. In addition to agreements, funding could be used to help overcome the barriers to alternative water transfers that have been identified by the CWCB (i.e. high transaction costs, water administrative issues, infrastructure needs).

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

1313 Sherman Street, Room 721
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 866-4474
www.cwcb.state.co.us



TO: Colorado Water Conservation Board Members

John W. Hickenlooper
Governor

FROM: Tim Feehan, Assistant Director

Mike King
DNR Executive Director

DATE: November 4, 2011

Jennifer L. Gimbel
CWCB Director

SUBJECT: **Agenda Item 18d, November 15-16, 2011 Board Meeting**
Non-Reimbursable Investments – Colorado Water & Power Development
Authority
Long Hollow Reservoir Construction

Introduction

This item was presented at the September 2011 Finance Committee Meeting. Since then, the Colorado Water & Power Development Authority has elected to finance the project and is no longer considering a grant/loan from the CWCB.

THIS ITEM HAS BEEN REMOVED FROM CONSIDERATION AND REQUIRES NO ADDITIONAL DISCUSSION.

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 721
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 866-4474
www.cwcb.state.co.us



TO: Colorado Water Conservation Board Members

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

DATE: November 9, 2011

SUBJECT: **Agenda Item 18c, November 15-16, 2011 Board Meeting**
Severance Tax Trust Fund Perpetual Base Account
San Luis Valley Irrigation District - Rio Grande Cooperative Project

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Staff Recommendation

Staff recommends that the Board request the General Assembly to authorize up to \$30 million in the 2012 Projects Bill, from the Severance Tax Perpetual Base Account, to fund the Rio Grande Cooperative Project (Cooperative Project).

Introduction

The San Luis Valley Irrigation District (District) serves and delivers water to land located in the San Luis Valley in Alamosa, Rio Grande, and Saguache Counties. Its office is located in Center, Colorado. The District diverts its water from the Rio Grande through the Farmers Union Canal. It also owns and operates Rio Grande Reservoir (Reservoir). The Reservoir is located on the headwaters of the Rio Grande in Hinsdale County, Colorado, with a storage capacity of approximately 54,000 acre-feet (AF). It provides a unique on-stream, pre-compact storage facility available to better manage Colorado's apportionment of water under the Rio Grande Compact (Compact) for the benefit of the State of Colorado, the San Luis Valley, and the river corridor.

At the September 2011 Finance Committee meeting, staff provided Committee members an overview of the Cooperative Project and a potential funding package, which included a presentation by the District and Colorado Parks and Wildlife (CPW). Based on the complexity of the Project and limitations on available funding, the Finance Committee instructed staff to work with the District and CPW to develop a more detailed funding plan and project schedule, and to present those findings at the November 2011 Board Meeting.

Discussion

For the past five years, the District has been evaluating the potential benefits of rehabilitating or enlarging the Reservoir. The District has received approximately \$400,000 in Water Supply Reserve Account grants that funded the "Rio Grande Reservoir Refinement and Enhancement of Reservoir Operations and Optimization Model Study – Phase I," and the "Rio Grande Reservoir Multi-Use Rehabilitation and Enlargement Study – Phase II". These studies confirmed that many of the benefits

associated with an enlarged Reservoir could be achieved with a rehabilitated Reservoir, with no increase in storage capacity.

The Cooperative Project could provide a number of long-term water supply benefits to a wide variety of interests in the basin. The Cooperative Project would develop a comprehensive, efficient water management plan of existing decreed water rights in and out of the Rio Grande Reservoir and to other interconnected storage vessels, and may result in a partnership among all beneficiaries of the Project. The Project involves a complete overhaul of the outlet works, a grout curtain to control seepage, and the reconstruction/enlargement of the spillway, at an estimated cost of \$20M. The District is facing a possible storage restriction, due to spillway and seepage concerns.

Another key component to the success of Cooperative Project is the rehabilitation of Beaver Park Reservoir, currently owned and operated by the CPW. Rehabilitation of Beaver Park Reservoir is vital to protect CPW's pre-compact storage rights. CPW also owns significant transmountain water rights that require storage. Upon developing a storage lease with the District, CPW can both store its transmountain rights in Rio Grande Reservoir, and utilize the rehabilitated Beaver Park Reservoir to store its pre-compact decree rights. Storage and releases of CPW water rights can be optimized between the two reservoirs to maximize streamflow, riparian and wildlife benefits, and provide basin administration that benefits CPW, the Division Engineer and all basin users. The estimated cost to rehabilitate Beaver Park Reservoir is \$10M.

A brief summary of the benefits of the Cooperative Project are summarized as follows:

- Provides storage space to assist the State in administration and management of the river under the Compact to maximize the beneficial use of Colorado's share of water under the Compact for the benefit of the State;
- Provides space for the storage and regulation of transmountain water to meet the growing demand for augmentation water for municipal, domestic, and commercial development in the Basin;
- Provides storage space to CPW for a conservation pool and the storage of its transmountain water to better meet CPW's water demands throughout the Basin;
- Allows for the storage and regulation of decreed direct flow storage to better meet irrigation demands;
- Allows for the re-regulation of flows to better meet recreational and environmental needs; and
- Provides flood protection.

Possible Project Bill Funding Scenario

The total estimated cost to rehabilitate Rio Grande Reservoir is estimated at \$20M, and \$10M to rehabilitate Beaver Park Reservoir, for an approximate total cost of \$30M. There are a number of water providers, including the CPW that would benefit directly from improving these two reservoirs. Additionally, the overall Project would maximize the beneficial use of Colorado's share of water under the Compact and provide a re-regulation of flows to better meet long-term recreational and environmental needs of the basin. The following is a possible funding scenario for the Cooperative Project:

- | | |
|--|-------------------|
| • CWCB Loan @ 0% - to CPW | \$10M Loan |
| • CWCB Loan @ 1.75% - to District (Restricted Int. Rate) | \$15M Loan |
| • CWCB Grant - District | <u>\$5M Grant</u> |
| • Totals: | \$30M |

It is proposed that the funding for the Cooperative Project be included in the CWCB 2012 Projects Bill, requesting an amendment to section 39-29-109, C.R.S. (2011), allowing the State Treasurer to transfer from the Severance Tax Trust Fund Perpetual Base Account to the Colorado Water Conservation Board Construction Fund, \$30 million for the planning, design, and reservoir rehabilitation associated with the Rio Grande Cooperative Project.

It is contemplated that \$15 million would be requested for appropriation in fiscal year 2012/13 as part of the 2012 Projects Bill, and the remaining \$15 million requested for appropriation in fiscal year 2013/14, as part of the 2013 Projects Bill. The first \$15 million appropriation would set aside \$10 million for CPW's loan to rehabilitate Beaver Park Reservoir, and a \$5 million grant to the District for the design and initial rehabilitation of Rio Grande Reservoir. The final \$15 million appropriation would provide a \$15 million loan to the District to complete improvements to Rio Grande Reservoir. The amendment to the statute would describe how the funds would be directed (loan/grant) and that the Colorado Water Conservation Board would be responsible for the review and approval of all grant and loans funds pursuant to sections 37-60-122 and 39-29-109, C.R.S. (2011). This would give the Board the flexibility to issue the loan to the District from either the Construction Fund or Severance Tax Trust Fund Perpetual Base Account.

**Water Project Construction Program – Project Data
Non-Reimbursable Investment**

Applicant: Ray Alvarado for CWCB

Project Name: Colorado River Water Availability Study (CRWAS) Phase 2

Project Type: Water Resources Planning Study

County: Numerous **Drainage Basin:** Colorado River

Water Source: Colorado River and tributaries

Total Study Cost: \$3 million, requesting \$2,000,000 with this application

Funding Sources: CWCB Construction Fund

Type of Applicant: Grant

Median Household Income: N/A

CWCB Investment: Currently \$1,000,000. In SB 07-122 and HB 08-1346 the General Assembly provided a total of \$1,000,000 to conduct Phase 1 of the CRWAS, which is underway and will be completed in December 2011.

Past use of the Funds: Under Phase 1, \$1,000,000 will have been expended for the completion of this initial phase. This included the technical aspects as well as numerous public outreach meetings and workshops.

Current Request: This request is for funding to begin Phase 2, with emphasis on implementing work obtained from the basin needs assessments, both consumptive and non-consumptive.. **For FY 2012/2013, an appropriation of \$2,000,000 is being sought from the Construction Fund to begin implementation of Phase 2 of CRWAS.**

Water Project Construction Program - Project Data

Non-Reimbursable Investment

Grantee: CWCB Internal Program
County: Statewide
Project Name: Phreatophyte and Riparian Woody Invasives Control Grants
(Tamarisk and Russian Olive Grants – Phase II)
Project Type: Cost-shared demonstration grants for riparian restoration
Drainage Basin: Statewide
Water Source: Statewide
Total Project Cost: \$1 Million CWCB funds, leveraged 2:1; total estimated program value = \$3 Million
Funding Source: CWCB Construction Fund
Type of Grantee: Local government conservation, land management, and weed control agencies and non-profits.
CWCB Non-Reimbursable Investment: \$1,000,000

SUMMARY

In 2008 the CWCB created a \$1 million tamarisk and Russian olive control demonstration, cost-shared grant program. In 2009 14 control projects were funded with a total dollar value of \$900,00 and an additional 5-6 research activities were funded for \$100,000. Many of those projects will be completed in 2011, with several carrying over to June 2012. The volume of non-State cost-sharing leveraged with those grants is in excess of 2:1. The amount of control work remaining is enormous and the potential for earmarked federal funds has not materialized. By offering additional cost-sharing grants the CWCB can address a serious ongoing need and stimulate matching funds from federal, local government and private land owners.

Water Project Construction Program – Project Data
Non-Reimbursable Investment

Applicant: Andy Moore for CWCB

Project Name: South Platte Groundwater Level Data Collection

Project Type: Water Resources Planning Study

County: Numerous

Drainage Basin: South Platte River

Water Source: South Platte River

Total Study Cost: \$100,000

Funding Sources: CWCB Construction Fund

Type of Applicant: Grant

Median Household Income: N/A

CWCB Investment: N/A

Past use of the Funds: N/A

Current Request: This request is for funding to collect groundwater level data in the South Platte Basin. **For FY 2011/2012, an appropriation of \$100,000 is being sought from the Construction Fund to collect groundwater data.**

Water Project Construction Program - Project Data
Non-Reimbursable Investment

Grantee: Colorado Water Conservation Board **County:** Statewide

Project Name: Colorado Flood and Drought Response Fund

Project Type: Program Funds for post event floodplain mapping, flood and drought forecasting, aerial photography, natural hazard mitigation, documentation and natural hazard preparedness and response.

Drainage Basin: All River Basins in Colorado

Water Source: N/A

Total Project Cost: \$300,000

Funding Source: CWCB Const. Fund

Type of Grantee: State Government

Median Household income: N/A

CWCB Non-Reimbursable Inv.: \$300,000 (refresh up to) **Interest Rate:** N/A **Term:** N/A

A \$150,000 Flood Response Program was authorized in the 2001 Construction Fund Bill (SB 01-157) and enacted by the Colorado General Assembly. This amount was increased in the 2007 Construction Fund Bill (SB 07-122) to \$300,000 to reflect the additional cost of performing existing program functions and the addition of valuable services under the program. The Flood Response Fund (Fund) was originally created to give the CWCB an ability to quickly respond to events and have program funds in the areas of: 1) flood documentation, 2) flood forecasting and outlooks, 3) post-event floodplain mapping, 4) aerial photography, and 5) flood mitigation. This year's request now includes a proposal to expand the authorized purposes of the Fund to include a drought component.

The current request is to refresh the account up to \$300,000 for FY 2012/13. This application serves to amend the existing "flood response" fund to include drought preparedness and response. Drought, like flood, is a frequent natural hazard impacting Colorado on a regular basis and resulting in serious and costly damage. Currently, southern Colorado is experiencing some of the driest conditions on record and losses thus far are substantial. Funding to improve drought preparedness and response will help Coloradans in drought stricken regions and decrease overall impacts and costs. Repurposing this fund to address both flood and drought increases the efficiency and effectiveness of the CWCB to adequately respond to natural hazards affecting Colorado; while also recognizing the current fiscal constraints by utilizing existing resources.

This amendment would assist the State in complying with FEMA requirements to update natural hazard mitigation plans for flood and drought every three years, enable vulnerability and impacts assessments to be carried out prior to and following an event, respectively, which will help to mitigate impacts and costs during future events. This is similar to how the response fund has worked for flood.

Attached: Proposed language changes to the existing flood response statute.

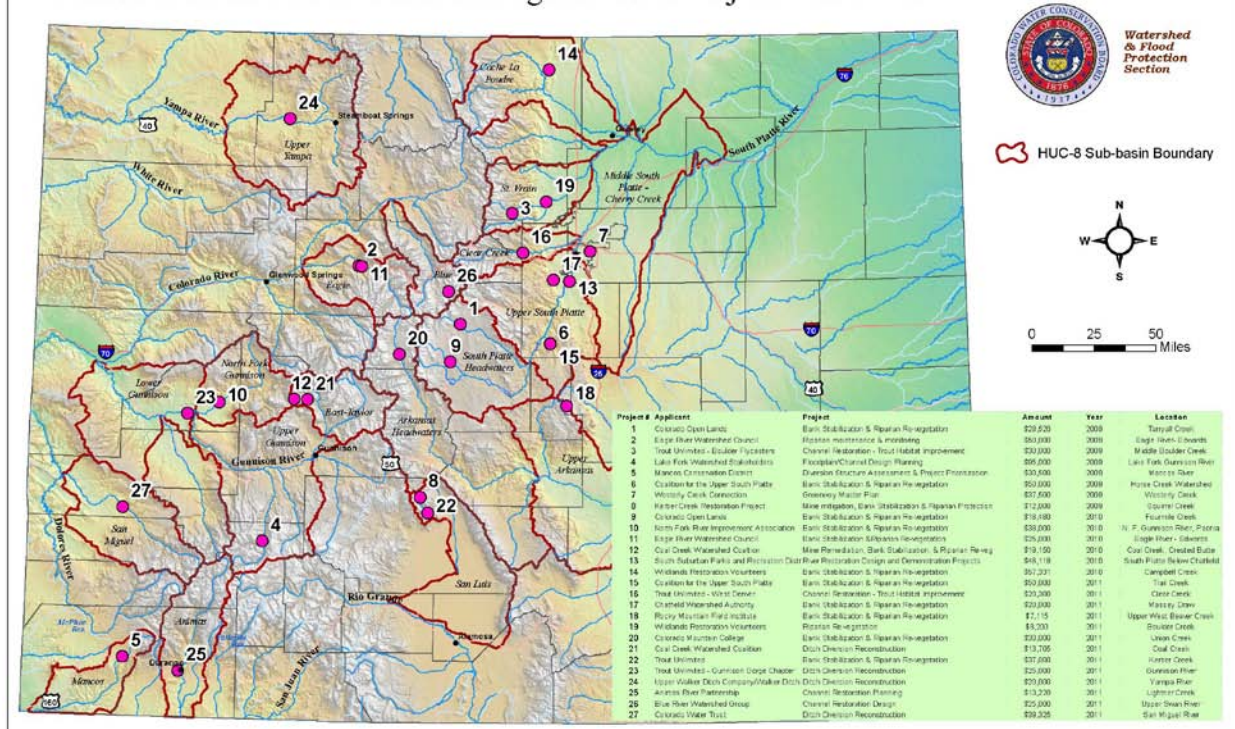
Water Project Construction Program - Project Data Non-Reimbursable Investment

Grantee: Colorado Water Conservation Board **County:** Statewide
Project Name: Colorado Watershed Restoration Program
Project Type: Watershed Protection and Flood Mitigation
Drainage Basin: All River Basins in Colorado **Water Source:** N/A
Total Project Cost: up to 50% cost share **Funding Source:** CWCBC Const. Fund
Type of Grantee: State Government
CWCBC Non-Reimbursable Inv.: \$250,000

SUMMARY

The Program objective is to provide funding for watershed restoration studies and projects. Special consideration is given to projects that reduce flood hazards, protect infrastructure, and increase benefits for water supply. Past projects successfully completed with aid from the Construction Fund include channel stabilization and restoration on Fourmile Creek in South Park, riparian re-vegetation on the Eagle River in Edwards, and channel stability analysis in the Horse Creek Watershed (Upper South Platte). Program funding has also been used in conjunction with funding from the Water Quality Control Division to develop a Measureable Results Program (MRP). Studies and projects resulting from this program can have far reaching benefits for water supply (e.g. SWSI), flood protection, enhancement of aesthetic and environmental quality, recreation, and increased economic benefit. The CWCBC has not had access to a regular and reliable source of funding for this Program in past years. Instead, special allocations on an annual basis from Severance Tax and Construction Fund investments have provided support for the Program. The Program has funded 27 projects since the first grant cycle in January 2009. Total project funding exceeds \$845,000. The projects have leveraged \$6 for every \$1 contributed by the Program. Twenty-one of the twenty-seven projects funded have been mapped with focus areas identified in the Non-Consumptive Needs Assessment. The Program is intended for statewide benefit. The map below displays projects funded since 2009.

Colorado Watershed Restoration Program Grant Projects 2009 - 2011



Water Project Construction Program – Project Data Non-Reimbursable Investment

Applicant: Colorado Water Conservation Board

County: Statewide

Project Name: Colorado Floodplain Map Modernization Program

Project Type: Matching Funds for Federal Grants

Drainage Basin: All River Basins in Colorado

Water Source: N/A

Total Project Cost (Annual): \$1,900,000

Funding Source: CWCB Const. Fund

Type of Grantee: State Government

CWCB Non-Reimbursable Inv.: \$500,000 (up to)

Colorado has received approximately \$9.0 million in federal grant dollars for floodplain mapping activities as part of the floodplain Map Modernization Program (Program) initiated by FEMA in 2003. The FEMA funds are being matched by CWCB and local cost-share dollars to implement the map update work to create new digital countywide maps. The initial Program funds authorized in the 2003 and all subsequent Construction Fund Bills have provided the required non-federal matching dollars (80/20 cost share program). The State funds are further leveraged by local cost share dollars and in-kind services from many communities thus far. The total funding amounts have been instrumental in keeping Colorado as a lead state within FEMA Region 8 and will continue to benefit Colorado communities in the future. It is expected that significant FEMA funding will continue as long as the Program exists. Program deliverables will become part of the Flood DSS system to increase data capture and enhance Colorado's decision support tools.

The Program will eventually impact the entire state, and the objective is to develop updated watershed-based countywide floodplain maps using current base map information within a digital environment. The use of GIS technology will be employed for all new countywide studies for ease of distribution, updating and viewing. The table below summarizes funding provided by the CWCB and FEMA/Local governments for CWCB managed projects (in progress or completed).

<u>COUNTY</u>	<u>CWCB Funds</u>	<u>FEMA/Local Funds</u>	<u>COUNTY</u>	<u>CWCB Funds</u>	<u>FEMA/Local Funds</u>
Archuleta	\$71,000	\$228,760	Mesa	\$33,960	\$435,780
Boulder	\$17,807	\$524,709	Montrose	\$60,376	\$241,503
Clear Creek	\$2,950	\$158,605	Montezuma	\$53,000	\$452,735
Chaffee	\$44,000	\$399,290	Morgan	\$25,000	\$270,700
Delta	\$21,630	\$277,763	Park	\$18,800	\$165,200
El Paso	\$75,635	\$1,332,030	Pitkin	\$20,772	\$466,388
Elbert	\$141,548	\$301,982	Prowers	\$76,605	\$691,024
Fremont	\$23,294	\$146,240	Pueblo	\$71,768	\$945,902
Garfield	\$29,912	\$325,000	Rio Grande	\$58,300	\$152,810
Gunnison	\$79,250	\$272,422	Summit	\$21,098	\$189,876
La Plata	\$74,200	\$391,910	Teller	\$23,100	\$207,900
Logan	\$30,550	\$271,050	Weld	\$112,419	\$658,530

Water Project Construction Program - Project Data

Non-Reimbursable Investment

Grantee: Colorado Water Conservation Board **County:** Statewide

Project Name: Weather Modification - Water User Cost Share Assistance

Project Type: Grants for operations, grants for optimization of permitted cloud seeding programs

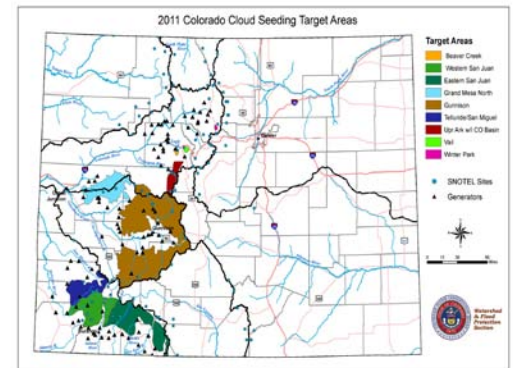
Drainage Basin: San Juan, Gunnison, Colorado **Water Source:** N/A

Total Project Cost: \$850,000 (Annual Total Avg.) **Funding Source:** CWCB Const. Fund

Type of Grantee: Local Governments/Water Districts **CWCB Non-Reimbursable Inv.:** \$175,000

SUMMARY

The CWCB has been permitting weather modification programs since 1972. Drought and water supply issues have led to more wintertime cloud seeding programs to address snowpack, water supply and stream low issues. There are currently active programs at: Vail/Beaver Creek Ski Area, Denver Water & Winter Park, Gunnison River Basin, Telluride, Western San Juan Mountains and Eastern San Juan Mountains. The CWCB also enforces criteria set on avalanche hazard levels at mountain passes and thresholds on snow water equivalent measured at the 110 NRCS SNOTEL sites in Colorado. The map shows cloud seeding ice nuclei generators as black triangles and the targeted areas as colored shapes.



The CWCB has had grants since 2004. Agreements were signed with water users in Arizona, Nevada, and California in 2007 for additional grants to local winter cloud seeding programs. The provisions of these agreements are that more water benefits the system, the water generated is non assignable and non attributable and is system water subject to water rights, and compacts. Collectively these entities are known as the Lower Basin. The Lower Basin agreement has no expiration date but annual exhibits signed by Director Gimbel sign funding and activities into action each year. A similar agreement was signed with the State of New Mexico. Since 2006 approximately \$2.7M has been spent by local entities in Colorado (ski areas, water districts), \$810,000 by state entities through the CWCB, and \$718,000 by out-of-state water agencies.

The focus of the CWCB staff was outlined in a 2008 Board Member approved strategic plan as a balance of grants to operations, assistance with modern equipment, and evaluations. The CWCB funding has done much to help develop Colorado's programs. Examples are: a Liquid (alcoholized) propane seeding unit on the Grand Mesa which works at warmer temperatures than silver thus expanding the window of opportunity for seeded events and two Colorado owned and operated remote control high output AgI Ice nuclei generators on Mancos Mountain in the San Juan Mountains and another one above the Cedaredge Water Treatment Plant. Both of those machines average 27grams of Silver Iodide output per hour and traditional Colorado machines average 6 grams/hour making them over four times more effective at releasing the material. The other benefit of these machines is they are not manual operated and with cell comms. can be placed at high elevations increasing the effectiveness of getting material in cloud. The goal is to get 2/3 up the mountain crest and use lower level steering winds to ramp material up into cloud base for more effective cloud seeding. Evaluations have shown that seeding material can be trapped when sited in mountain valleys. The funding also developed specialized weather stations with icing sensors that guide seed and no seed decisions and are used in evaluations on: the Grand Mesa, Winter Park, Purgatory, and Telluride Ski Resort is schedule for fall 2011. Three research grade precipitation gauges were purchased and will be deployed at Purgatory, Telluride, and the Grand Mesa. These precipitation gauges are useful by detecting precise snowfall rates during seeded and non seeded snowfall events.

Recent Developments

On August 2nd Denver Water put together a broad based partnership that is a multi-year \$300K/year cloud seeding program that involves the Front Range Water Council members, Keystone, Breckenridge, Arapahoe Basin, and Winter Park and they are hoping for assistance from the Lower Basin and the CWCB. The sustained CWCB and Lower Basin funding and modern methods were appealing and led to the Denver Water initiative in the Upper Colorado River Basin.

NOTE: This bill has been prepared for the signatures 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 12S-002

BY SENATOR(S) Schwartz and White, Aguilar, Boyd, Carroll, Foster, Giron, Grantham, Guzman, Heath, Hodge, Hudak, Jahn, Johnston, King K., King S., Morse, Neville, Newell, Nicholson, Renfroe, Roberts, Scheffel, Steadman, Tochtrop, Williams S., Shaffer B.;

also REPRESENTATIVE(S) Sonnenberg and Baumgardner, Hamner, Pace, Acree, Barker, Becker, Beezley, Brown, Casso, Coram, Court, DelGrosso, Duran, Ferrandino, Fields, Fischer, Gardner B., Gerou, Holbert, Hullinghorst, Jones, Kagan, Kefalas, Kerr A., Kerr J., Labuda, Lee, Levy, Liston, Looper, Massey, McCann, Miklosi, Murray, Nikkel, Pabon, Peniston, Priola, Ramirez, Ryden, Schafer S., Scott, Singer, Solano, Soper, Stephens, Summers, Swerdfeger, Szabo, Todd, Tyler, Vaad, Vigil, Waller, Williams A., Wilson, Young, McNulty.

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

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

SECTION 1. Continuation of the 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

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

department of natural resources, for allocation to the division of water resources, for the fiscal year beginning July 1, 2012, the sum of \$300,000, 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, stream gauge flood hardening projects, and data collection efforts related to flood forecasting and warning.

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

SECTION 2. 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, 2012, the sum of \$175,000, 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, and their fiscal agents, with the development of cloud seeding programs that provide benefits to recreation, streams, and reservoirs through snow pack enhancement.

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

SECTION 3. Continuation of the Colorado floodplain map modernization 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, 2012, the sum of \$500,000, or so much thereof as may be necessary in order to restore the unencumbered balance in the fund to \$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 to participate in federally sponsored floodplain map modernization activities.

(2) The moneys appropriated in subsection (1) of this section remain

available for the designated purposes until completion of the project.

SECTION 4. Continuation of the watershed restoration 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, 2012, the sum of \$500,000, or so much thereof as may be necessary, for the board to continue to provide planning and engineering studies, including implementation measures, to address technical needs for watershed restoration and flood mitigation projects throughout the state.

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

SECTION 5. Repurposing of the flood response program and restoration of the flood response fund balance. The state treasurer shall transfer a total of \$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 and drought response fund created in section 37-60-123.2, Colorado Revised Statutes, in order to restore the unencumbered balance in the flood and drought response fund to \$300,000.

SECTION 6. In Colorado Revised Statutes, **amend** 37-60-123.2 as follows:

37-60-123.2. Flood and drought response fund - created. There is hereby created in the state treasury the flood AND DROUGHT response fund, referred to in this section as the "response fund". The state treasurer is hereby authorized and directed to transfer three hundred thousand dollars from the Colorado water conservation board construction fund to the response fund. The board is authorized to provide funding for flood AND DROUGHT preparedness and for response and recovery activities following flood OR DROUGHT events and disasters. The moneys in the response fund are hereby continuously appropriated to the board for flood AND DROUGHT response purposes, including ~~but not limited to,~~ the immediate availability of funds for aerial photography of flooded areas, flood AND DROUGHT documentation and identification of specific hazards, evaluations and revisions of floodplain designations AND DROUGHT-PRONE AREAS, flood

AND DROUGHT forecasting and preparation, and development of disaster and recovery mitigation plans. ~~ALL~~ THE STATE TREASURER SHALL CREDIT 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~~ REMAINS in the fund.

SECTION 7. Phreatophyte control cost-sharing 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, 2012, the sum of \$1,000,000, or so much thereof as may be necessary, for the board to continue financing phreatophyte control cost-sharing grants through any of the board's existing programs.

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

SECTION 8. Continuation of the Colorado river water availability 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, 2012, the sum of \$2,000,000, or so much thereof as may be necessary, for the board to continue model development, formulate and evaluate water demand alternatives, and perform a risk management analysis on various Colorado river issues, as another component of the Colorado river water availability study, authorized in Section 15 of Senate Bill 07-122, enacted in 2007. The board shall continue to work in consultation with, and with the active involvement of, the basin roundtables and shall continue to consider current and potential future in-basin consumptive and nonconsumptive needs.

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

SECTION 9. South Platte groundwater level data collection and

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, 2012, the sum of \$500,000, or so much thereof as may be necessary, for the board to collect and analyze groundwater data along the South Platte river, to update the South Platte decision support system model and make model enhancements, to install instrumentation and monitoring devices, and to construct test projects to evaluate cause and possible remediation to high groundwater levels in the South Platte river basin.

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

SECTION 10. Continuation of the 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, 2012, the sum of \$1,000,000, or so much thereof as may be necessary, for the board to continue to develop and implement a statewide competitive grant program to advance various agricultural transfer methods as alternatives to permanent agricultural dry-up, including 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 leasebacks under defined conditions. Projects and programs in all drainage basins are eligible for funding.

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

SECTION 11. Rio Grande cooperative 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, 2012, the sum of \$5,000,000, or so much thereof as may

be necessary, for the board to participate in the planning, design, and rehabilitation of the Rio Grande reservoir.

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

SECTION 12. Chatfield reservoir reallocation 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, 2012, the sum of \$5,000,000, or so much thereof as may be necessary, for the board to participate in the implementation of the Chatfield reservoir reallocation project, pursuant to section 37-60-120.1, Colorado Revised Statutes.

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

SECTION 13. Purchase of Colorado's allotment of Animas-La Plata project water - 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, 2012, the sum of \$12,000,000, or so much thereof as may be necessary, for the purchase of all or a portion of Colorado's allotment of Animas-La Plata project water, pursuant to section 39-29-109 (2) (a) (VIII) (B), Colorado Revised Statutes.

(2) The moneys appropriated in subsection (1) of this section remain available for the designated purposes until they are fully expended or until July 30, 2015, whichever comes first.

SECTION 14. Provision of legal support and funding for litigation involving the abandonment list - 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, 2012, the sum of \$300,000, or so much thereof as may be necessary, for the board to provide legal support and funding for litigation of protests of individual water rights that the state engineer has placed on the abandonment list.

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

SECTION 15. Management of the national hydrography dataset in Colorado - 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 personal services line item of the Colorado division of water resources, for the fiscal year beginning July 1, 2012, the sum of \$75,857, or so much thereof as may be necessary, for the division of water resources to continue management of the national hydrography dataset in Colorado and to provide geographic information system analysis support related to consumptive use analysis, water rights, dam break inundation, and interstate compacts.

(2) The moneys appropriated in subsection (1) of this section remain available for the designated purposes until June 30, 2013. All funds not expended by June 30, 2013, remain part of the Colorado water conservation board construction fund.

SECTION 16. In Colorado Revised Statutes, 37-60-121, **add** (4) (d) as follows:

37-60-121. Colorado water conservation board construction fund - creation of - nature of fund - funds for investigations - contributions - use for augmenting the general fund - funds created - repeal. (4) (d) (I) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE CONTRARY, THE BOARD MAY EXPEND UP TO SEVENTY-FIVE THOUSAND EIGHT HUNDRED FIFTY-SEVEN DOLLARS FOR THE PERSONAL SERVICE EXPENSES OF THE DIVISION OF WATER RESOURCES IN MANAGING THE NATIONAL HYDROGRAPHY DATASET AND PROVIDING GEOGRAPHIC INFORMATION SYSTEM ANALYSIS SUPPORT FOR ACTIVITIES OF THE DIVISION OF WATER RESOURCES.

(II) THIS PARAGRAPH (d) IS REPEALED, EFFECTIVE JUNE 30, 2013.

SECTION 17. In Colorado Revised Statutes, 37-75-105, **amend** (4) as follows:

37-75-105. Interbasin compact committee - report.

(4) Commencing in 2006, the committee shall submit an annual report to the house of representatives committee on agriculture, livestock, and natural resources and the senate committee on agriculture, natural resources, and energy, or their successor committees, by October 31 concerning the status of compact negotiations and, in consultation with the Colorado water conservation board created in section 37-60-102, how moneys from the water supply reserve ~~account~~ FUND created in section 39-29-109 (2) (c), C.R.S., were allocated during the previous twelve months for water activities approved by basin roundtables.

SECTION 18. In Colorado Revised Statutes, 37-80-102, **amend** (1) introductory portion; and **add** (1) (l) as follows:

37-80-102. General duties of state engineer - supervision and utilization of employees - satellite monitoring system. (1) The state engineer ~~shall be~~ IS the executive officer in charge of supervising the work of all division engineers and may direct ~~them as to~~ their supervision of ~~all~~ THEIR employees. ~~of the state responsible to them. He~~ THE STATE ENGINEER has executive responsibility and authority with respect to:

(l) RECEIVING AND EXPENDING GRANTS AND DISTRIBUTIONS OF MONEY, PROPERTY, AND EQUIPMENT FROM THE COLORADO WATER CONSERVATION BOARD FOR USE IN MAKING INVESTIGATIONS, CONTRACTING PROJECTS, OR OTHERWISE CARRYING OUT THE PURPOSES OF THIS ARTICLE. THE GRANTS AND DISTRIBUTIONS FROM THE COLORADO WATER CONSERVATION BOARD ARE CONTINUOUSLY APPROPRIATED TO THE STATE ENGINEER FOR THE PURPOSES SET FORTH IN THIS SECTION.

SECTION 19. In Colorado Revised Statutes, 39-29-109, **amend** (2) introductory portion, (2) (a) (VIII) (A), and (2) (c); and **add** (2) (a) (X) and (2) (a) (XI) as follows:

39-29-109. Severance tax trust fund - created - administration - distribution of moneys - repeal. (2) State severance tax receipts shall be credited to the severance tax trust fund as provided in section 39-29-108. Except as otherwise set forth in section 39-29-109.5, all income derived

from the deposit and investment of the moneys in the fund shall be credited to the fund. At the end of any fiscal year, all unexpended and unencumbered moneys in the fund ~~shall~~ remain therein and shall not be credited or transferred to the general fund or any other fund. All moneys in the fund ~~shall be~~ ARE subject to appropriation by the general assembly for the following purposes:

(a) **The perpetual base account.** (VIII) (A) Notwithstanding any provision of this paragraph (a) to the contrary, the state treasurer shall transfer to the Colorado water conservation board construction fund, for use by the Colorado water conservation board, also referred to in this subparagraph (VIII) as the "board", thirty-six million dollars for the purchase of all or a portion of Colorado's allotment of Animas-La Plata project water. The state treasurer shall make the transfer mandated by this sub-subparagraph (A) in three consecutive ~~annual~~ installments of twelve million dollars on ~~June 30 of each year, commencing~~ June 30, 2011, JUNE 30, 2012, AND JULY 1, 2012.

(X) (A) NOTWITHSTANDING ANY PROVISION OF THIS PARAGRAPH (a) TO THE CONTRARY, THE STATE TREASURER SHALL TRANSFER TO THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND, FOR USE BY THE COLORADO WATER CONSERVATION BOARD, ALSO REFERRED TO IN THIS SUBPARAGRAPH (X) AS THE "BOARD", THIRTY MILLION DOLLARS FOR THE PLANNING, DESIGN, AND CONSTRUCTION OF THE RIO GRANDE COOPERATIVE PROJECT. OF THIS AMOUNT, THE BOARD SHALL ALLOCATE UP TO TEN MILLION DOLLARS FOR IMPROVEMENTS ASSOCIATED WITH THE BEAVER PARK RESERVOIR, OWNED AND OPERATED BY THE DIVISION OF PARKS AND WILDLIFE, AND UP TO TWENTY MILLION DOLLARS FOR IMPROVEMENTS TO THE RIO GRANDE RESERVOIR, OWNED AND OPERATED BY THE SAN LUIS VALLEY IRRIGATION DISTRICT. THE STATE TREASURER SHALL TRANSFER THE MONEYS IN TWO CONSECUTIVE ANNUAL INSTALLMENTS OF FIFTEEN MILLION DOLLARS ON JULY 1, 2012, AND JULY 1, 2013.

(B) PURSUANT TO SECTION 37-60-122 (1) (b), C.R.S., THE BOARD MAY LOAN MONEYS IN AN AMOUNT UP TO TEN MILLION DOLLARS TO THE DIVISION OF PARKS AND WILDLIFE AND UP TO FIFTEEN MILLION DOLLARS TO THE SAN LUIS VALLEY IRRIGATION DISTRICT.

(C) PURSUANT TO SECTION 37-60-121 (1) (b) (IV), C.R.S., THE BOARD MAY DETERMINE THE AMOUNT OF LOAN, OR LOAN-TO-GRANT RATIO,

FOR THE SECOND FIFTEEN-MILLION-DOLLAR INSTALLMENT, AS SET FORTH IN SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (X), COMMENCING ON JULY 1, 2013.

(D) ALL INTEREST EARNED FROM THE INVESTMENT OF MONEYS IN THE FUND SHALL BE CREDITED TO, AND MADE A PART OF, THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND. ALL FUNDS NOT EXPENDED REMAIN AND ARE PART OF THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND.

(XI) (A) NOTWITHSTANDING ANY PROVISION OF THIS PARAGRAPH (a) TO THE CONTRARY, THE STATE TREASURER SHALL TRANSFER TO THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND, FOR USE BY THE COLORADO WATER CONSERVATION BOARD, ALSO REFERRED TO IN THIS SUBPARAGRAPH (XI) AS THE "BOARD", THIRTEEN MILLION DOLLARS FOR THE IMPLEMENTATION OF THE CHATFIELD RESERVOIR REALLOCATION PROJECT, PURSUANT TO SECTION 37-60-120.1, C.R.S. THE STATE TREASURER SHALL TRANSFER THE MONEYS IN TWO CONSECUTIVE INSTALLMENTS OF FIVE MILLION DOLLARS ON JANUARY 1, 2013, AND EIGHT MILLION DOLLARS ON JULY 1, 2014.

(B) THIS SUBPARAGRAPH (XI) IS REPEALED, EFFECTIVE JULY 1, 2015.

(c) **The water supply reserve fund.** (I) There is hereby created IN THE OFFICE OF THE STATE TREASURER the water supply reserve ~~account~~ FUND, also referred to in this paragraph (c) as the "~~account~~" "FUND", which shall be administered by the ~~state treasurer~~. ~~Moneys shall be transferred by~~ COLORADO WATER CONSERVATION BOARD. The STATE treasurer SHALL TRANSFER MONEYS to the ~~account~~ FUND from the operational account of the severance tax trust fund as specified in section 39-29-109.3 (2) (a). The moneys in the ~~account~~ FUND are hereby continuously appropriated, for purposes authorized by this paragraph (c), to the Colorado water conservation board, also referred to in this paragraph (c) as the "board". All interest derived from the investment of moneys in the ~~account~~ FUND shall be credited to the STATEWIDE account OF THE FUND, WHICH ACCOUNT IS HEREBY CREATED. Repayments of both the principal and interest on loans from the ~~account~~ FUND shall be credited to the ~~account~~ FUND. Any balance remaining in the ~~account~~ FUND at the end of any fiscal year ~~shall~~ remain in the ~~account~~ FUND. The board shall allocate moneys by grant or loan from the ~~account~~ FUND only for water activities approved by a roundtable

pursuant to article 75 of title 37, C.R.S. The approving roundtable ~~shall be~~ IS the roundtable for the basin in which a proposed water diversion or nonstructural activity would occur. If the applicant is a covered entity, as defined in section 37-60-126, C.R.S., the board shall allocate moneys by grant or loan from the ~~account~~ FUND only if the applicant has adopted a water conservation plan, as defined in section 37-60-126, C.R.S. The board, in consultation with the interbasin compact committee created in section 37-75-105, C.R.S., shall ~~jointly~~ establish criteria and guidelines for allocating moneys from the ~~account~~. The FUND, INCLUDING criteria ~~shall~~ THAT ensure that the allocations will assist in meeting water supply needs identified under section 37-75-104 (2) (c), C.R.S., in a manner consistent with section 37-75-102, C.R.S., and shall facilitate both structural and nonstructural projects or methods. Eligible water activities include ~~but are not limited to~~, the following:

(A) Competitive grants for environmental compliance and feasibility studies;

(B) Technical assistance regarding permitting, feasibility studies, and environmental compliance;

(C) Studies or analyses of structural, nonstructural, consumptive, and nonconsumptive water needs, projects, or activities; and

(D) Structural and nonstructural water projects or activities.

(II) On or before October 31 of each year, commencing with the year 2010, the board shall consult with the interbasin compact committee to produce the annual report required by section 37-75-105 (4), C.R.S., regarding how moneys in the ~~account~~ FUND were allocated in the previous twelve-month period.

SECTION 20. In Colorado Revised Statutes, 39-29-109.3, **amend** (2) (a) (I) introductory portion as follows:

39-29-109.3. Operational account of the severance tax trust fund - repeal. (2) Subject to the requirements of subsections (3) and (4) of this section, if the general assembly chooses not to spend up to one hundred percent of the moneys in the operational account as specified in subsection (1) of this section, the state treasurer shall transfer the following:

(a) (I) To the water supply reserve ~~account~~ FUND created in section 39-29-109 (2) (c), the following amounts:

SECTION 21. 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.

Brandon C. Shaffer
PRESIDENT OF
THE SENATE

Frank McNulty
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO