

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

John W. Hickenlooper, Governor
Mike King, DNR Executive Director
James Eklund, CWCB Director

HOUSE BILL 16-XXXX

THE 2016 WATER PROJECTS BILL

Background

The General Assembly annually authorizes water project grants and loans from the Construction Fund and the Severance Tax Perpetual Base Fund. The Funds provide low-interest loans to municipalities, water districts, and agricultural water users throughout Colorado for a wide variety of water supply infrastructure projects. The loans are used to finance engineering and construction costs for more than 525 locally sponsored water projects

In November of 2015 the CWCB delivered the Colorado Water Plan to the Governor as required in the Governor's Executive Order D2013-005. The Plan describes an approximate \$20 billion in need to address the diverse consumptive and non-consumptive long term needs of the State.

The **Construction Fund** was created in 1971 to provide low-interest loans for water projects and provide monies for 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.

The **Severance Tax Perpetual Base Fund** was established by the General Assembly in 1997. 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.

Loan interest rates vary. As of January 2016 the rates are:

- 1.85 % for agricultural loans
- 2.55% to 3.30% for municipal loans
- 6.0% for commercial loans.
- 2.0% for Hydroelectric projects

These rates are adjusted bi-monthly by the CWCB.



2016 Water Projects Bill Highlights

Provides \$7.8 million for watershed protection, flood control programs, satellite monitoring of stream gauge systems, and other programs and projects.

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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 water issues. The Board examines whether such studies could result in new loans.

Section 1. Satellite Monitoring	Appropriates funds to install, maintain, and operate satellite monitored stream gauges and lysimeters for water rights administration and data collection, as statutorily authorized.	Statewide	\$380,000
Section 2. Continuation of the Floodplain Map Modernization Program	Assists 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
Section 3. Continuation of the Watershed Restoration Program	Provides planning and engineering studies, including implementation measures, aquatic habitat protection, restoration work, quantification of environmental flow needs and monitoring efforts to address technical needs for watershed restoration and flood mitigation projects and to support healthy stream and watershed goals outlined in the Colorado Water Plan. In FY15/16, this program leveraged \$5.50 (???) for every \$1.00 spent.	Statewide	\$1,500,000
Section 4. Restoration of Flood and Drought Response Fund Balance	Refreshes the fund created to respond to flood and drought events through documentation, forecasting, post flood mapping, hazard area identification, mitigation plans, and recovery activities.	Statewide	\$500,000
Section 5. Continuation of the Weather Modification Program	Assists 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
Section 6. Restoration of Litigation Funds Cash Balance	Restore the CWCB Litigation Fund to assist in addressing legal issue associate compact compliance or any other litigation activities created under section 37-60-121, Colorado Revised Statutes.	Statewide	\$600,000
Section 7. Colorado Mesonet	This project will provide funding for operation, maintenance, travel, communications, database and website management for temperature and precipitation stations referred to as the Colorado Mesonet , previously managed and operated by NOAA and currently proposed to be operated by the Colorado Climate Center at CSU.	Statewide	\$150,000
Section 9. Water Forecasting Partnership Project	This project will provide better characterization of snowpack, new ground and aerial remote sensing data, and employee accepted hydrologic modeling practices, to provide more reliable volumetric water supply forecasting in the Rio Grande Basin.	Statewide	\$300,000

Section 10. Bear Creek Reservoir Storage Reallocation Study	Under the authority of the Energy and Water Development Appropriations Act of 1998 the U.S. Army Corps of Engineers (“ACOE”) would partner with CWCB to study the potential reallocation of the flood storage capacity of the reservoir for other beneficial uses. This would be similar to the Chatfield Reallocation Project.	Statewide	\$2,500,000
Section 11. Statewide Water Supply Initiative (SWSI) 2016 Update	Provides additional funding to update SWSI 2010 to 2016 to re-examine the methodologies used to analyze municipal and industrial water demands, agricultural, environmental and recreational demands, hydrologic analyses, and climate and drought.	Statewide	\$1,000,000
Section 12. Windy Gap Bypass Channel Project – Planning, Design and Construction	Provides \$200,000 in additional funding for the planning, design, and construction of the Windy Gap Bypass Channel Project. This brings the total CWCB funding level for the project to \$2.2 million	Statewide	\$200,000
Section 13. Windy Gap Bypass Channel Project – Planning, Design and Construction	This would amend 39-29-109 (1)(a)(XII)(A) of C.R.S to extend the repeal date for the project from July 1, 2016 to July 1, 2019.	Colorado Basin	N/A
Section 14. Transfers from Severance Tax Perpetual Base Fund to Construction Fund	Requests the State Treasurer to transfer \$5,200,000 from the Severance Tax Perpetual Base Fund, created under 39-29-109 (2)(a), C.R.S., to the CWCB Construction Fund, created under 37-60-121 (1)(a), C.R.S., \$1.5 million to support its Watershed Restoration Program, \$2.5 million to the Beaver Creek Reservoir Storage Reallocation Study, \$1.0 million for the Statewide Water Supply Initiative (SWSI) 2016 update, and \$200,000 for the Windy Gap Bypass Channel Project.	Statewide	Identified above under Sections 3, 10, 11, and 12
Section 15. Expanding CWCB’s Authority	This would amend 37-60-119 (1)(a) of the C.R.S, granting CWCB the authority to provide funding for water treatment projects, such as distribution systems, metering, and water monitoring and loss control efforts, with the exception of water treatment facilities.	Statewide	N/A
Section 16. Annual Transfer from Severance Tax Perpetual Base Fund to Construction Fund	This would add a provision within 39-29-109 of the C.R.S. to annually transfer \$5 million from the Severance Tax Perpetual Base Fund to the Construction Fund for the CWCB Board to use in funding various studies, programs, and projects, to assist in implementing action items identified within the Colorado Water Plan.	Statewide	\$5,000,000 (not included in total)
Section 17. Animas-La Plata Project Authority	This would add a section with 37-60-120 of the C.R.S to clearly defined the authority of the CWCB Board for its long term involvement in the Animas-La Plata Project, such as the ability to purchase, sell or lease water, hold storage, collect or disburse funds, enter into contracts, hold board positions, and other activities as necessary to assure the State’s ability to participate in the project.	Statewide	N/A
Section 18. Safety Clause	Declares that this Act is necessary for the immediate preservation of the public peace, health, and safety	Statewide	N/A
		Total	7,805,000

Notes: A small project loan report detailing the 15 loans made in calendar year 2015, valued at over \$29 million, has been presented to the House and Senate Agriculture, Livestock, and Natural Resources Committees. A copy of the report is available on the legislative website at www.colorado.gov.