



COLORADO

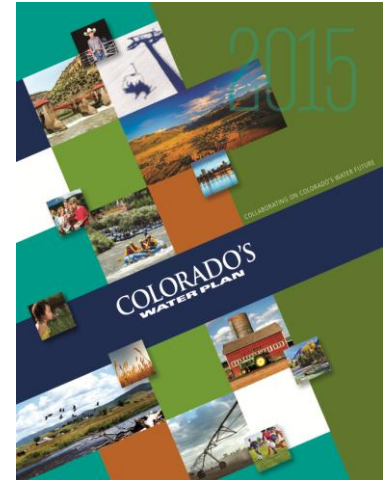
Colorado Water
Conservation Board

Department of Natural Resources

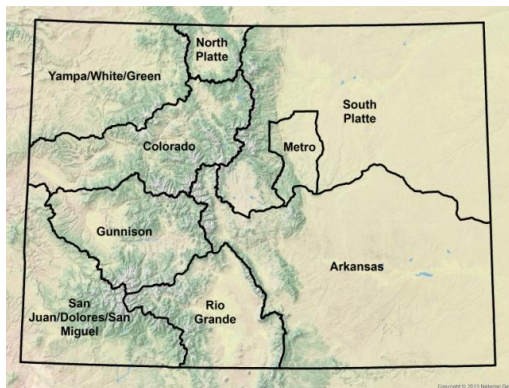
FUNDING COLORADO'S WATER PLAN

OVERVIEW

Colorado's Water Plan describes our collective challenge: between now and 2050, water projects will cost Colorado at least \$20 billion. While water providers' funding mechanisms likely address three-quarters of this estimate, the State will need to 1) efficiently manage existing resources; 2) think creatively about alternative financing methods; and 3) develop new revenue streams for water projects. The Colorado Water Conservation Board (CWCB) is managing existing fiscal resources to ensure we do all we can with what we have. We plan to stretch and leverage our past five years of severance tax revenues. This revenue, along with a strong investment portfolio in water projects, generates funding that will help implement Colorado's Water Plan. With legislative approval, the following proposed plan would spread \$75 million over three years, or \$25 million/year, to support critical water projects and the programs listed below. After three years, the CWCB will reevaluate the availability of severance tax revenue to continue this type of funding.



PROPOSED PLAN



Water Supply Reserve Fund (WSRF) - Supplemental Funding

\$10 million/year for three years (\$30 million) to support the Basin Roundtables' (BRT) efforts to reduce the water supply gap identified in Colorado's Water Plan. The BRTs continue to play a key role in promoting grassroots efforts to meet the goals and objectives of Colorado's Water Plan and the Basin Implementation Plans. This infusion of money will supplement the WSRF's current revenues.

Watershed Restoration Program

\$5 million/year for three years (\$15 million) to advance the efforts for watershed and stream restoration through the Watershed Restoration Program. This program will administer these funds for the benefit of the environment and recreation through stream management plans, watershed restoration plans, and the implementation of projects and methods to meet these plans and established goals. Colorado's Water Plan sets a measurable objective to cover 80 percent of the locally prioritized lists of rivers with stream management plans, and 80 percent of critical watersheds with watershed protection plans by 2030. This increase in funding will help achieve the measurable objective set forth in Colorado's Water Plan.



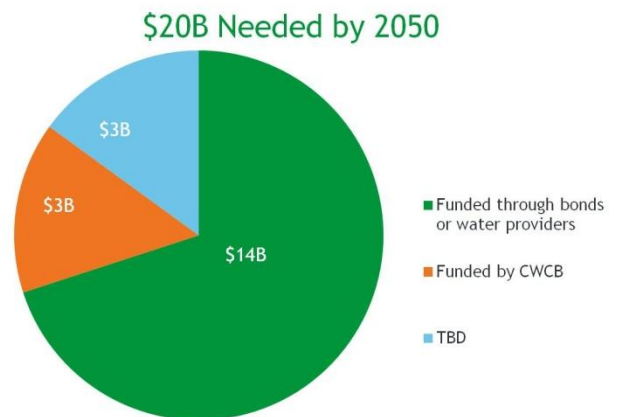
CWCB Projects and Programs

\$10 million/year for three years (\$30 million) will be available through the CWCB Nonreimbursable Investments application process starting in August 2017. In general, projects that are most cost-effective, demonstrate the greatest need for assistance, and best implement Colorado's Water Plan will be given a higher priority. Priority is also given to projects that increase the beneficial consumptive use of Colorado's

undeveloped compact entitled waters; enlarge or recover restricted reservoir storage; address multiple needs and interests, including consumptive and/or non-consumptive needs; help sustain agricultural viability; assist in the recovery of threatened and endangered wildlife species or species of concern; enhance education and outreach; and improve water efficiency.

LOAN GUARANTEE FUND

In addition, the CWCB is proposing to set aside \$50 million in FY17-18 for a Loan Guarantee Fund. This fund will be used to financially support regional projects with multiple sponsors. The loan guarantee fund will provide financial support for the project by homogenizing the project sponsors' credit ratings and effectively reducing the cost of the project by lowering the borrowing rates. This will streamline the financing process and move the project forward in a more efficient and cost-effective manner. These CWCB funds will be held in reserve and only used if an entity fails to make payment on a bond.



CONCLUSION



This proposed three to five-year funding plan works alongside the CWCB's existing loan program that invests \$40-\$60 million annually in Colorado water projects. The CWCB expects to maintain this level of lending for now; however, creative funding options and additional revenue will be critical to continue beyond three years to meet Colorado's water needs. The CWCB looks forward to a continued dialogue on this funding issue that is critical to Colorado's Water Plan and the state's collective future.

Please contact the CWCB with questions, comments, or observations you would like to share.

