



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

1313 Sherman Street
Denver, CO 80203

P (303) 866-3441

F (303) 866-4474

John Hickenlooper, Governor

Robert W. Randall, DNR Executive
Director

James Eklund, CWCB Director

TO: Colorado Water Conservation Board

FROM: Craig Godbout
Program Manager - Water Supply Reserve Fund Grant Program
Water Supply Planning Section

DATE: September 6, 2016

AGENDA ITEM: 22 - Final Draft: Proposed 2016 WSRF Criteria and Guideline Revisions

Staff Update - Action Item - 2016 WSRA Criteria and Guidelines Revisions

Upon review, discussion and direction by the CWCB Board (Board) during their July 2016 meeting; two meetings of the WSRF Criteria and Guidelines Committee; and two meetings with the IBCC, staff presents to the CWCB following revisions, clarifications, and additional items for discussion purposes. Staff has also revised the WSRF Application.

Attachments: 2016 4th-CWCB Draft Revisions WSRF Criteria and Guidelines Aug 18 2016

WSRF Criteria and Guidelines:

Proposed Revisions:

- 1) Reorganization of the WSRF Criteria and Guidelines (C&G) to provide applicants, staff and the Board more efficient access to the Eligibility Requirements, the Evaluation Process, the Application Process, and Grant Administration.
- 2) Matching Requirements for Basin (only) Account Requests: Establishes a 25% matching requirement for Basin Account requests where none occurred previously. Discussed during WSRF Criteria and Guidelines Committee (Committee) and the IBCC meeting. Staff has examined approximately 26 grant programs and has determined that approximately 80% of those examined require a 25% or greater match (17 of the 26 are State of Colorado Grant Programs).

However a Waiver policy and mechanism has been proposed that allows the Roundtable to recommend to the Board a waiver to the Basin Account Match that relies on the applicant demonstrating to the Roundtable that the proposed water activity will have a significant basin and/or statewide impact and that the imposition of the matching requirement will impose a significant financial hardship on the



applicant. The Roundtable Recommendation Letter shall provide justification for a waiver recommendation.

- 3) Matching Requirement for Statewide Account Requests:
Increase the matching requirement for Statewide Account grants from 25% to 50%. Increases the minimum Basin Account match requirement from 5% to 10%, and increases the minimum Applicant/3rd party match requirement from 5% to 10%. Increases the remaining match requirement from 15% to 30% from other sources, including the Basin Account. Staff has examined approximately 26 grant programs and has determined that 15% of those examined require a 50% match (3 of the 4 are State of Colorado grant programs). An increase in the minimum Basin Account match requirement would increase the respective Roundtable's support of grant requests. Staff will defer to the Board's discretion what an appropriate increase would be sufficient.

However a Waiver policy and mechanism has been proposed that allows the Roundtable to recommend to the Board a waiver to any matching requirement greater than 25%. Recommendation for the waiver relies on the applicant demonstrating to the Roundtable that the proposed water activity will have a significant basin and/or statewide impact and that the imposition of the matching requirement will impose a significant financial hardship on the applicant. The Roundtable Recommendation Letter shall provide justification for a waiver recommendation.

- 4) Proposes how the minimum matching requirements are calculated for Statewide Account requests. Currently the minimum matching requirements (Basin Account match and Applicant match) are based on the total grant request (Basin Account and Statewide Account), which has caused a fair degree of confusion among applicants. This proposal suggests that the Basin Account match and the Applicant match be based on the Statewide Account request only.
- 5) Any matching contributions not provided by the applicant must be accompanied by a letter of commitment, or a letter of pending commitment from the contributing entity (This applies to both Basin Account and Statewide Account requests).
- 6) Evaluation Criteria: Replaced the Evaluation Criteria Tier 1-3 with Colorado's Water Plan criteria for state support, including funding, of projects.
- 7) Conflict of Interest Policy: Directs Roundtables to update Bylaws to include this provision.
- 8) Competitive selection process. Directs Roundtables to establish a competitive selection process for grant contracts of \$100,000 or greater for Roundtable initiated grants.
- 9) Progress Reports: Provides staff the authority to withhold reimbursement payments if 6 month Progress Reports are not submitted.



10) Final Deliverables:

- (a) "Proposed Budget v Actual Budget" This provision has been added to demonstrate accountability and performance on behalf of the applicant.
- (b) "Any entity failing to comply with this provision may be denied further funding consideration." Suggested by WSRF Committee and IBCC, seems to fall into reasonable "Best Management Practices."

11) Scoring Matrix: This evaluation component has been eliminated.

Clarifications:

- 1) Education and Outreach grants: Explicitly states that these types of grants "shall contain a strong component that addresses the IBCC and the RT process, and shall promote dissemination of the Basin Implementation Plan and Colorado's Water Plan."
- 2) Matching Requirements for Basin Implementation Plans: Explicitly states that the Basin Account/Statewide Account matching ratio is 2:1 for continuing efforts to further the efforts of the Basin Implementation Plans (this ratio is identical to that established for the creation of the BIPS), and that no other sources of funding are required.
- 3) Basin Implementation Plan requests: States that BIP requests can be heard by the Board during any of their bimonthly meetings.
- 4) Administrative Expenses: Explicitly states that the maximum percent of grant award expended on administrative expenses shall be no more than 15%. Staff will defer to the Board's discretion what the appropriate level should be.

Additional Considerations/Items for Discussion

Roundtable Guidelines: Individual Roundtable Guidelines may be more restrictive than CWCB's WSRF Criteria and Guidelines.

Effective Date: January 1, 2017.



WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

Introduction

Senate Bill 06-179, adopted by the 2006 General Assembly, created the Water Supply Reserve Account, now called the Water Supply Reserve Fund (per SB13-181) (WSRF). The legislation, codified at 39-29-109(1)(a)(III), C.R.S., directs the State Treasurer to annually transfer ten million dollars from the Operational Account of the Severance Tax Trust Fund to WSRF. Any balance remaining in the Fund at the end of any fiscal year shall remain in the Fund. Senate Bill 09-106 removed a sunset provision and provides for continuous appropriation of \$10 million (subject to availability).

Monies in the Fund are continuously appropriated to the CWCB for loans or grants for water activities approved by the Basin Roundtable in which the water activity would occur. The legislation requires the CWCB, in consultation with the Interbasin Compact Committee (IBCC) to jointly establish criteria and guidelines for allocating moneys from the WSRF. This document establishes the required criteria and guidelines developed jointly by the IBCC and the CWCB. In approving loans or grants from the WSRF, the CWCB will apply the criteria and guidelines described in this document.

To help ensure opportunities for roundtables to seek funding in an orderly fashion and at the same time to encourage competitive water activities from every river basin, the CWCB will administer two accounts in the WSRF. A Statewide Account will be used to fund water activities from any roundtable on a competitive basis, based on the eligibility requirements in this section and the evaluation criteria outlined in this document. Basin Accounts will be established for each of the 9 roundtables to be used to fund water activities within any designated roundtable on a competitive basis based on the eligibility requirements in this section and the evaluation criteria outlined in this document.

The Statewide Account will receive 64% of the allocated WSRF funding and the Basin Accounts as a whole will receive 36%. This allocation is subject to revision when circumstances warrant. The WSRF is a Severance Tax “Tier II” Program with 40% of allocated funds distributed on July 1st, 30% on January 1st, and the final 30% on April 1st. All fund distribution is subject to availability based on severance tax revenue collections.

Eligibility Requirements:

In order to receive funding from WSRF, a water activity must satisfy the eligibility requirements described below.

General Eligibility: The following requirements are established by either SB 06-179 or CWCB/IBCC policy.

- (A) The application for a grant or loan must be approved by the roundtable for the basin in which the water activity would occur before it is submitted to the CWCB.
- (B) The water activity must assist in meeting the basinwide consumptive ~~and~~ or nonconsumptive water supply needs identified by the roundtable under 37-75-104(2)(c), C.R.S. in cooperation with ongoing statewide water supply initiatives

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

(SWSI), or needs identified in Basin Implementation Plans (BIPs) or Colorado's Water Plan.

- (C) Both structural and nonstructural projects and methods are eligible for WSRF funding.

Entity Eligibility: Entities that may apply for grants or loans from the Fund include:

- (A) Public (Government) - municipalities, enterprises, counties, and State of Colorado agencies. Federal agencies are eligible entities, but the agency would need to demonstrate why a local non-federal partner should not be the grant recipient. Federal agencies are encouraged to work with local entities.
- (B) Public (Districts) - authorities, Title 32 special districts, conservancy, conservation, and irrigation districts, and water activity enterprises.
- (C) Private Incorporated - mutual ditch companies, homeowners associations, and non-profit corporations.
- (D) Private not incorporated - individuals, partnerships, and sole proprietors are eligible for Basin Funds but not for Statewide Funds.
- (E) Non-governmental organizations are typically non-profit but they may also include for-profit corporations.
- (F) Covered Entities as defined in Section 37-60-126 C.R.S., are eligible for grants or loans if the applicant has adopted an approved water conservation plan.

Water Activity Eligibility: Examples of eligible water activities are listed but expressly not limited by SB 06-179. The following are examples of eligible water activities.

- (A) Competitive grants for environmental compliance and feasibility studies.
- (B) Technical assistance regarding permitting, feasibility studies, and environmental compliance.
- (C) Studies or analysis of structural, nonstructural, consumptive, and nonconsumptive water needs, projects or activities.
- (D) Structural or nonstructural projects or activities.
- (E) Grants to promote education and outreach, if the proposed activity is consistent with the applicable roundtable's current Education Action Plan, as determined by the roundtable's Public Education, Participation and Outreach (PEPO) liaison or Outreach Committee.

Eligibility Based on Funding Match Requirements:

Requests from Basin Accounts: For requests for funding only from a basin roundtable account, the applicant must demonstrate at least a 25% match. The match may be provided by the applicant or a third party and may consist of any combination of cash, in-kind services or in-kind materials. The following expenses will not qualify as in-kind contributions: general organizational operating costs such as utilities; operating supplies and services; amortization costs or rental costs for buildings and equipment; general property and liability insurance costs; overhead percent charges used to cover such items. Any matching contributions not provided by

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

the applicant must be accompanied by a letter of commitment, or a letter of pending commitment from the contributing entity.

Waivers: The CWCB Board may allow a waiver for the 25% Basin Account match requirement. To obtain a waiver, the applicant must: 1) request a waiver from the Roundtable and CWCB Board; 2) demonstrate that the proposed water activity has significant basin and/or statewide importance; 3) demonstrate that the matching requirement imposes a significant financial hardship on the applicant; 4) obtain a written justification from the Roundtable supporting the waiver and recommending the water activity for approval as provided in the Roundtable Recommendation Letter; and lastly 5) obtain approval for the waiver from the CWCB Board.

Requests from the Statewide Account: For requests for funding from the Statewide Account, the applicant must demonstrate at least a 50 percent match of the Statewide Account grant request. At least of 10% of the required match shall be cash from Basin Account funds; and at least 10% of the required match shall be provided by the applicant or a third party in any combination of cash, in-kind services or in-kind materials. The remaining 30% of the required match may be provided from any other source, including cash from the Basin Account, or any combination of cash, in-kind services, or in-kind materials. If the grant request involves multiple basins, the 10% Basin Account match requirement may be divided among the basins as approved by the respective Roundtables. The following expenses will not qualify as in-kind contributions for the purposes of this match requirement: in-kind services from roundtable members for the purpose of meeting the 10% minimum of the Basin Account requirement; general organizational operating costs such as utilities; operating supplies and services; amortization costs or rental costs for buildings and equipment; general property and liability insurance costs; overhead percent charges used to cover such items. Any matching contributions not provided by the applicant must be accompanied by a letter of commitment, or a letter of pending commitment from the contributing entity.

Waivers: The CWCB Board may allow a waiver for a portion of the Statewide Account match requirement. No waiver for the first 25% of the Statewide Account match requirement shall be allowed and shall be met by the applicant and the waiver can only apply to the match requirement at or greater than 26%. To obtain a waiver, the applicant must: 1) request a waiver from the Roundtable and CWCB Board; 2) demonstrate that the proposed water activity has significant basin and/or statewide importance; 3) demonstrate that the matching requirement imposes a significant financial hardship on the applicant; 4) obtain a written justification from the Roundtable supporting the waiver and recommending the water activity for approval as provided in the Roundtable Recommendation Letter; and lastly 5) obtain approval for the waiver from the CWCB Board.

Requests Related to Basin Implementation Plans: For requests that result directly from Basin Implementation Plans, and are initiated by the respective Roundtable, all funds needed to complete the proposed water activity may be provided from the WSRF with the Statewide Account providing 33.3% of the funding and 66.7% from the Basin Account.

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

Evaluation Criteria: The proposed water activity shall be evaluated based upon how well the proposal conforms to Colorado's Water Plan criteria for state support, including funding, of projects (Colorado's Water Plan, Section 9.4, pp. 9-43 to 9-44;), and how well the proposed water activity meets the Goals and Measurable Outcomes of their respective Basin Implementation Plan.

The criteria for state support, including funding, are as follows:

Does the project proponent demonstrate a commitment to collaboration? Does the project proponent:

- address more than one type of need;
- involve multiple participants where appropriate;
- consult with a broad set of local stakeholders and local governments before or early in the regulatory process (examples of stakeholders include relevant basin roundtables, water users, conservation groups, and community groups); or
- provide meaningful opportunities for input?

Does the project proponent address an identified water gap? Is the project:

- included in a BIP;
- identified as meeting a defined need in a basin needs assessment;
- identified as meeting a defined need identified in the SWSI; or
- identified as part of the no-and low-regrets scenario planning process?

Does the project proponent demonstrate sustainability? Does the project proponent:

- adopt an integrated plan or plans geared toward implementing the conservation best practices at the high customer participation levels, as defined in the SWSI;
- avoid adverse effects to environmental and recreational interests or adopt environmental, watershed health, and recreational mitigation in the planning phase of the project, prior to consideration in the permitting phase of alternatives that minimize or avoid adverse effects (project proponents should consider use of existing tools if available, such as stream management plans that follow state guidance, instream flow water rights, water leasing, restoration, infrastructure upgrades, and consumptive use efficiencies);
- avoid impacts to, mitigate, or enhance water quality, such as exceeding water quality standards or impairment of classified uses;
- mitigate or avoid economic and social impacts on agricultural and rural communities;
- maximize the use of water resources (through reuse, firming the yield of existing supplies, water sharing arrangements, improving or modernizing aging infrastructure, or aquifer storage and recharge projects);
- partner with the local government(s) being served by the water project to incorporate best water use practices into land use planning efforts (these practices are included in water and land use trainings offered by CWCB and DOLA as described in Section 6.3.3); or

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

- demonstrate that the project will not unreasonably increase the risk of non-compliance with any interstate compact or the curtailment of existing water rights ~~(projects depending on water from the Colorado River system can demonstrate this commitment by agreeing to participate in the collaborative contingency planning efforts discussed in Chapter 8 and Section 9.1)?~~

Does the project proponent establish the fiscal and technical feasibility of the project? Does the project proponent demonstrate:

- over-all cost-effectiveness;
- local investment or contribution;
- financial capability to repay debt (bonds, loans, or other debt instruments);
- an intent to leverage any state grant or loan with private, local, or federal funding;
- technical and legal availability of water supplies for the project; or
- readiness to proceed upon receipt of necessary funding and permits (i.e. completed preliminary planning and design work, obtained necessary water rights, secured necessary financial commitments)?

Application Process

Roundtable Recommendations: Applications for WSRF funding must be evaluated and approved by the Roundtable where the eligible water activity will occur. Each Roundtable may use an evaluation process which reflects its unique needs, priorities, guidelines, document submittal and time line requirements. However, since the WSRF involves public funds, each Roundtable should have an evaluation process that includes a conflict of interest policy. The policy must require any Roundtable member who has a direct or indirect financial interest in the funding request to disclose the interest to the Roundtable, abstain from voting on the application, and refrain from attempting to influence the decisions of other members of the Roundtable in voting on the application. If the Roundtable itself is seeking funding from WSRA at or greater than \$100,000, some sort of competitive selection process must be used to select a recommended contractor/grantee.

Applicants should contact the applicable Roundtable and CWCB staff early in the process, several months before the applicant would like to begin the project.

A Roundtable must accept and then evaluate the application using the Roundtable's process. The Roundtable must determine if the application meets the eligibility requirements described in this document, including the requirements for matching funding. If the application is approved, the Roundtable must provide a written recommendation to the CWCB signed by the Roundtable Chair. The letter of recommendation must specify the amount of grant funding requested from the Basin Account and/or the Statewide Account and describe how the water activity satisfies the statutory eligibility requirements. The letter should describe the level of agreement among Roundtables members, who opposed the application and why, and any minority opinion. If the

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

applicant is requesting a waiver of either the Basin Account match requirement, or a portion of the Statewide Account match requirement, the letter of recommendation shall reflect the waiver request and shall provide a justification for the request as determined by the Roundtable.

The applicant must ensure delivery of the Roundtable Recommendation Letter to CWCB. If the Roundtable evaluation process requires the applicant to revise the submittal documents, the applicant must provide these revised documents to CWCB by the appropriate submittal date.

Application forms are available on the CWCB website at:

<http://cwcb.state.co.us/LoansGrants/water-supply-reserve-account-grants/Pages/main.aspx>.

CWCB: After approval by the Roundtable, the applicant is required to submit to CWCB the following documents:

Required Documents:

- Roundtable Recommendation Letter
- Application
- Exhibit A
 - Statement of Work
 - Budget (Excel and pdf format)
 - Schedule
- Maps (if applicable)
- Letters of (pending) Commitment (matching funds)

Optional Documents

- Photos
- Drawings
- Letters of Support

Financial Documents Required for Contract Execution

- Certificate of Liability
- Certificate of Good Standing
- W-9
- Independent Contractor Form

The process at the CWCB will include the following steps:

1. CWCB staff will determine if the required documentation has been submitted. The application will be accepted once all documentation has been received.
2. CWCB staff will evaluate the application based on the criteria described in this document.
3. CWCB staff will develop a recommendation to the Board for full or partial funding or for denial of funding.

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

4. CWCB staff will prepare a *Water Activity Summary Sheet* for the Board that contains the application, the Required Documents and Optional Documents listed above, and an explanation of the staff's recommendation for Board action.
5. CWCB staff will notify the applicant of the staff's recommendation and of the date and time when the Board will consider the application. While CWCB staff has primary responsibility for presenting the application to the Board, the applicant is encouraged to attend the meeting in the event an opportunity to address the Board is provided.
6. The Board will take action on the application during the appropriate Board meeting as described in the Review Schedule below. The Board has the discretion to approve or deny any WSRF application for funding and is the final decision-making authority with regard to WSRF funding.
7. Within 30 days after the Board meeting, CWCB staff will notify the applicant in writing of the Board's decision and proceed to the contracting phase of the process if funding was approved.

CWCB Review Schedule: The CWCB will make decisions for allocation of funds from Roundtable Basin Accounts or for Basin Implementation Plans during any of its scheduled meetings. The CWCB will make decisions for allocation of funds from the Statewide Account at its March and September meetings. The table below lists the submittal deadlines for the respective Board meetings.

WSRF Submittal Dates and Board Meeting Schedule		
CWCB Meeting	Submittal Date	Type of Request
January	December 1	Basin Account/BIP
March	February 1	Basin/Statewide Account/BIP
May	April 1	Basin Account/BIP
July	June 1	Basin Account/BIP
September	August 1	Basin/Statewide Account/BIP
November	October 1	Basin Account/BIP

Grant Administration

Contracting:

After approval or conditional approval of funding by the Board, CWCB staff will direct the applicant to revise and supplement submitted documents if required for issuance of a purchase order or execution of a contract. Grants less than \$100,000 will be completed by use of a purchase order. Grants for \$100,000 or more will require execution of a contract.

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

Successful applicants are expected to execute a contract with CWCB within 6 months of award. If a grant is not executed within this timeframe, CWCB staff may revert the funds back to the appropriate accounts, after consulting with the respective Roundtable.

Reporting Requirements:

Progress Reports: The applicant shall provide the CWCB a progress report every 6 months, beginning from the date of issuance of a purchase order, or the execution of a contract. The progress report shall describe the status of the tasks identified in the statement of work, including a description of any major issues that have occurred and any corrective action taken to address these issues. The CWCB may withhold reimbursement until satisfactory progress reports have been submitted.

Final Report:

At completion of the project, the applicant shall provide the CWCB a final report on the applicant's letterhead that:

- Summarizes the project and how the project was completed.
- Describes any obstacles encountered, and how these obstacles were overcome.
- Explains the Proposed Budget versus the Actual Budget.
- Confirms that all matching commitments have been fulfilled.
- Includes photographs, summaries of meetings and engineering reports/designs, if appropriate.

The CWCB will withhold the last 10% of the entire water activity budget until the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the water activity and purchase order or grant will be closed without any further payment. Any entity that fails to complete a satisfactory Final Report and submit to CWCB within 90 days of the expiration of a purchase order or contract may be denied consideration for future funding of any type from CWCB.

Payments:

Payment will be based on actual expenditures invoiced by the grantee. The request for payment must be transmitted on the grantee's letterhead, and shall include:

- Date of request;
- Grantee's contact name, email address, physical address, and phone number;
- Roundtable that recommended the grant;
- Date of CWCB approval;
- Contract or purchase order number;
- Description of the work accomplished by major task as presented in the approved budget;
- Supporting documentation for items or services billed. Reimbursement of administrative expenses of the applicant or grantee will be limited to 15% of the total grant request;

WATER SUPPLY RESERVE FUND

FINAL DRAFT

CRITERIA and GUIDELINES

September 22, 2016

- Estimate of the percent completion for individual tasks and the entire water activity in relation to the percentage of budget spent; and
- Identification of any major issues, and proposed or implemented corrective actions.

Grant Amendments:

Grants may be amended as appropriate, including modifications to the Statement of Work, Budget, and Schedule; purchase order or contract extensions; and Change of Grantee. All amendment requests shall be submitted on either the applicant's or the grantee's letterhead, and shall include:

- date of request;
- applicant's or grantee's contact name, email address, physical address, and phone number;
- Roundtable that recommended the grant;
- date of CWCB approval;
- contract or purchase order number and expiration date;
- rationale for amendment; and
- desired expiration date.
- the signed Letter of Request shall be accompanied by (when applicable): a revised Statement of Work, Budget, and Schedule; a letter drafted by current Grantee requesting the release; a letter drafted by proposed Grantee accepting grant obligations and responsibilities; and an update Certificate of Insurance.

Requests for extension of the grant document shall be delivered to CWCB 30 days prior to current expiration date of purchase orders, and 90 days prior to expiration of a contract.

Loan Program

For those applicants seeking a loan, a CWCB standard loan application form and loan feasibility study must be completed. In addition, the applicant should include with its loan application a summary of how the applicant's water activity meets the eligibility requirements in Part 2 and the threshold and evaluation criteria in Part 3 of this document. The loan application form and additional information can be found at:

<http://cwc.state.co.us/LoansGrants/water-project-loan-program/Pages/main.aspx>.

**WATER SUPPLY RESERVE ACCOUNT
CRITERIA AND GUIDELINES DEVELOPED JOINTLY BY THE
COLORADO WATER CONSERVATION BOARD
AND INTERBASIN COMPACT COMMITTEE FOR THE
ALLOCATION OF FUNDS FROM THE ACCOUNT
BY THE COLORADO WATER CONSERVATION BOARD**

PART 1

Background, Introduction, and Administration

Background

Colorado's growth and development as a state has always been intertwined with water. Wise management of this resource is both a trademark of our past and is vital for our future. Development and management of water is complex, controversial, and at times contentious. Over the last few decades decisions regarding water have become increasingly complex as Colorado has experienced both unprecedented population growth and a greater emphasis on multiple uses of this precious resource.

To help ensure that Colorado has an adequate water supply for our citizens and the environment the 2003 Colorado General Assembly authorized the Colorado Water Conservation Board (CWCB) to implement the Statewide Water Supply Initiative (SWSI 1). The SWSI implemented a collaborative approach to water resource issues by establishing SWSI roundtables. Membership in these roundtables represents a broad range of water user interests. The SWSI focused on using a common technical basis for identifying and quantifying water needs and issues. A comprehensive update to the SWSI was performed in 2010, resulting in the SWSI 2010 report. Both reports can be viewed online at <http://cwcb.state.co.us>. The SWSI reports put forth a "picture" of where Colorado water supply and demand may be by the year 2030 (SWSI 1) and 2050 (SWSI 2010). These reports identify a number of important issues and questions regarding how that "picture" of Colorado fits with the values, objectives, and future goals we have for our state.

Based on the findings and recommendations from SWSI 1, the CWCB identified three broad conclusions: 1) there is a need to help expedite the implementation of water management projects for all water needs; 2) projects and planning processes needed to meet Colorado's future water needs must address transfers and development of water in a manner that meets multiple interests and needs; and 3) there is strong desire for the state to provide financial assistance.

In 2005, to further the efforts of the SWSI and to help address water development needs in Colorado, the Colorado General Assembly passed the "Colorado Water for the 21st Century Act" (House Bill 05-1177) which in part established permanent water roundtables in 8 river basins and the Denver metro area. It was recognized that a new program would be needed to assist all water users in addressing their critical water supply issues and interests. This understanding led to the passage of Senate Bill 06-179.

Senate Bill 06-179 adopted by the 2006 General Assembly, created the Water Supply Reserve Account (Account). The legislation directs the State Treasurer to annually transfer ten million dollars from the Operational Account of the Severance Tax Trust Fund to the Account. The effective date of the legislation is July 1, 2006. Any balance remaining in the Account at the end of any fiscal year shall remain in the Account. Senate Bill 09-106 removed a sunset provision and provides for continuous appropriation of \$10 million (subject to availability).

As specified in the statute, the monies in the Account are continuously appropriated to the CWCB for water activities identified in Section 39-29-109(1) (a) (III), Colorado Revised Statutes (C.R.S.). The legislation states that the CWCB, in consultation with the Interbasin Compact Committee (IBCC) created in Section 37-75-105, C.R.S., shall jointly establish criteria and guidelines for allocating moneys by grant or loan from the Account. This document establishes the criteria and guidelines developed jointly by the IBCC and the CWCB which will be used by the CWCB to allocate funds from the Account. Amendments to this document may be proposed at any time by either the IBCC or the CWCB and shall be effective after an annual program review each October and subsequent approval by both bodies.

Introduction

Applications will be accepted for grants or loans and these criteria and guidelines are for both grants and loans. In all cases the merits of the water activity itself will be the basis for eligibility and evaluation. It is the goal of the CWCB and IBCC to ensure wise and effective use of monies from the Account

In regard to loans, the CWCB utilizing these jointly developed criteria and guidelines will allocate 0% interest loans from the Account AND offer a match to these loans with low interest loans (at or below the rate of inflation) from the CWCB perpetual base account. SB 09-106 provides that repayments of both the principal and interest on loans from the account shall be credited to the account.

Grant and Loan Program Administration

Role of the Interbasin Compact Committee (IBCC):

- Jointly (with the CWCB) develop criteria and guidelines for allocating funds from the Account.
- Annually review information regarding the Account.
- In October of each year jointly (with the CWCB) consider and make any necessary revisions to these criteria and guidelines.
- Work with Basin Roundtables (BRT) to develop local roundtable criteria and guidelines for approving and recommending water activities that, following recommendations by the respective BRTs, will be eligible to seek funding from the Account.
- Help ensure that data and information from the basin roundtable's consumptive and non-consumptive needs assessments, SWSI and other appropriate sources are used as the technical basis for requesting funding for a water activity.

Role of the Basin Roundtables (BRT): The term Basin Roundtable shall mean those roundtables established pursuant to Section 37-75-104 C.R.S.

- Implement outreach and public education regarding the existence and use of the Account.
- Approve water activities that are to be recommended to CWCB for funding. The approving BRT shall be the roundtable for the basin in which the proposed water diversion or nonstructural activity would occur.
- Provide input and comment to the CWCB and IBCC for the annual review of these criteria and guidelines.
- As required under 37-75-104 CRS, develop a consumptive and nonconsumptive needs assessment and forward to the IBCC and other basin roundtables for consideration.

Role of the CWCB:

- Jointly (with the IBCC) develop criteria and guidelines for allocating funds from the Account.
- Annually review information regarding the Account.
- In October of each year jointly (with the IBCC) consider and make any necessary revisions to these criteria and guidelines.
- Implement outreach and public education regarding the existence and use of the Account. The CWCB in conjunction with the IBCC and BRTs will work to ensure a high level of awareness of the existence of the Account and the process to apply for funds. This effort will include but is not limited to: notice and discussion at roundtable meetings; inclusion of relevant information on the CWCB website; press releases; promotion at workshops; public meetings, and conferences.
- Ensure that the Account is managed consistently with state statutes, applicable state fiscal rules, and the IBCC and CWCB jointly developed criteria and guidelines.
- Review applications and allocate monies from the Account based on recommendations from the BRTs in accordance with the IBCC and CWCB jointly developed criteria and guidelines.

- Enter into contracts with the selected entities and ensure that the water activity identified in the application and work plan is implemented within the time and budget identified in the application.
- Ensure that sound fiscal, fiduciary and accounting practices are implemented. CWCB staff will handle the day-to-day administration of the Account. This effort includes but is not limited to: notification to successful and unsuccessful applicants; review of requests for payment, disbursement and tracking of payments, tracking project progress, ensure proper documentation of completed project/water activity; and preparation of an annual report of activities and expenditure from the Account.

Payment – Payment will be made based on actual expenditures and invoicing by the water activity sponsor. The request for payment must include a description of the work accomplished by major task, and estimate of the percent completion for individual tasks and the entire water activity in relation to the percentage of budget spent, identification of any major issues and proposed or implemented corrective actions. The last 10 percent of the entire water activity budget will be withheld until final project/water activity documentation is completed.

PART 2

Grant and Loan Program Eligibility and Application Process

Overview of the Account and Fund Management

To help ensure opportunities for BRTs to seek funding in an orderly fashion and at the same time to encourage competitive water activities from every river basin the CWCB will administer two accounts. There will be a Statewide Account that will be used to fund water activities from any roundtable on a competitive basis based on the eligibility requirements in this section and the threshold and evaluation criteria outlined in Part 3 of this document. There will also be Basin Accounts for each of the 9 roundtables. The Basin Accounts will be used to fund water activities from the designated BRTs based on the eligibility requirements in this section and the threshold criteria outlined in Part 3 of this document.

The Statewide Account will receive 64% of the allocated WSRA funding and the aggregate Basin Accounts will receive 36%. The subcommittee agreed to revisit this item each year. The WSRA is a Severance Tax “Tier II” Program with 40% of allocated funds distributed on July 1st, 30% on January 1st, and the final 30% on April 1st. All fund distribution is subject to availability based on severance tax revenue collections.

A WSRA balance summary table is regularly updated and available on the CWCB website at: <http://cwcb.state.co.us/LoansGrants/water-supply-reserve-account-grants/Pages/main.aspx>

Eligibility Requirements

Senate Bill 06-179 is very specific regarding eligibility requirements and these criteria and guidelines are developed from the direction provided in the legislation. In order for a water activity to be eligible for funding it must: 1) be approved by a roundtable pursuant to article 75 of title 37, C.R.S. and the approving roundtable shall be the roundtable for the basin in which the proposed water diversion or nonstructural activity would occur; 2) meet the eligibility categories described below; and 3) be approved by the CWCB utilizing the criteria and guidelines jointly developed by the IBCC and CWCB. The legislation also emphasizes that the criteria and guidelines shall help meet the water needs identified by the SWSI and other appropriate sources. Eligible Water Activities, as identified in Senate Bill 06-179, include the following:

- Competitive grants for environmental compliance and feasibility studies;
- Technical assistance regarding permitting, feasibility studies, and environmental compliance;
- Studies or analysis of structural, nonstructural, consumptive, and nonconsumptive water needs, projects, or activities; and
- Structural and nonstructural water projects or activities.

All request(s) for funds will be evaluated by CWCB utilizing the criteria and guidelines jointly developed by the IBCC and CWCB. The evaluation process is described in Part 3. Eligible entities that may apply for grants or loans from the Account include:

- Public (Government) - municipalities, enterprises, counties, and State of Colorado agencies. Federal agencies are encouraged to work with local entities and the local entity should be the grant recipient. Federal agencies are eligible, but only if the proposed project provides significant benefits to Colorado and the federal agency can make a compelling case for why a local non-federal partner cannot be the grant recipient.
- Public (Districts) - authorities, Title 32/special districts, (conservancy, conservation, and irrigation districts, and water activity enterprises)
- Private Incorporated - mutual ditch companies, homeowners associations, and non-profit corporations
- Private - individuals, partnerships, and sole proprietors are eligible for Basin Funds but are not eligible for Statewide Funds.
- Non-governmental organizations - are broadly defined as any organization that is not part of the government. These organizations are typically non-profit but they also include for-profit corporations.
- Covered Entities* are eligible for grants or loans only if the applicant has adopted a water conservation plan, as defined in Section 37-60-126 C.R.S.

* "Covered entity," as defined in Section 37-60-126 (1)(b), means each municipality, agency, utility, including any privately owned utility, or other publicly owned entity with a legal obligation to supply, distribute, or otherwise provide water at retail to domestic, commercial, industrial, or public facility customers, and that has a total demand for such customers of two thousand acre-feet or more.

Application Process

To help ensure that water activities move forward in an expedited fashion all eligible applications received will be evaluated and selected based on these criteria and guidelines within the applicable funding cycle. However, to help promote the equitable and competitive allocation of funds it is important to allow sufficient time for applications to be submitted and reviewed. This will allow the greatest opportunity to competitively compare multiple applications and allocate available funds to those water activities that will provide the greatest benefit to Colorado. In preparing the application it is recommended that the applicant include a description of how the water activity meets each element of the criteria that will be used by CWCB to evaluate and select the water activity. The approving roundtable that is seeking funding for a water activity must specify whether the request is for funds from the Statewide Account or for funds from the Basin Account(s).

Applications can be submitted at anytime. For the Statewide Account, the CWCB will make decisions for allocation of funds at its March and September meetings. For the Basin Accounts, the CWCB will make decisions for allocation of funds at its bimonthly Board meetings.

Notification of award will be made in writing within 30 days after the applicable Board meeting and the notification will include a summary of the results of the evaluation process and decision of the CWCB. Notification to unsuccessful applicants will be made in writing within 30 days after the applicable Board meeting and the notification will include a summary of the results of the evaluation process and the decision by the CWCB.

Successful applicants are expected to execute a contract with CWCB within 6 months of award of a loan or grant. If a grant or loan is not executed within this timeframe, staff has been granted authority by the CWCB (in consultation with the respective basin's CWCB representative and the Basin Roundtable) to revert funds back to the respective accounts based on lack of due diligence.

Application Submittal Requirements

To apply for a grant or loan from the Statewide Account a complete, detailed application, including letter from the respective basin roundtable, must be received by the CWCB no later than the first of the month, the month prior to the CWCB's March and September meetings. In other words, applications for March meeting are due February 1st and applications to be considered at the September meeting are due August 1st. To apply for a grant or loan from the Basin Accounts a complete detailed application, including letter from the respective basin roundtable, must be received by the CWCB no later than the first of the month, the month prior to the Board meeting that the roundtable would like the CWCB to evaluate the applicants funding request. CWCB's review and analysis of the application, utilizing the criteria and guidelines, will form the basis upon which the decisions to fund, partially fund, or not fund the water activity will be made. Therefore, applicants should prepare their application to address these criteria and guidelines.

Application forms are available on the CWCB website at:

<http://cwcb.state.co.us/LoansGrants/water-supply-reserve-account-grants/Pages/main.aspx>.

For those applicants seeking a loan, a CWCB standard loan application form and loan feasibility study must be completed. In addition, the applicant should include with its loan application a summary of how the applicant's water activity meets the eligibility requirements in Part 2 and the threshold and evaluation criteria in Part 3 of this document. The loan application form and additional information can be found at:

<http://cwcb.state.co.us/LoansGrants/water-project-loan-program/Pages/main.aspx>.

PART 3

Evaluation Process by the CWCB for Allocation of Funds

Allocation of funds will be dependent on availability of funds and an evaluation of the water activity using the criteria in this section. Applications will be received during each funding cycle. The approving roundtable will specify whether the application for funding is from the Statewide or Basin Accounts. All applications to be considered by the CWCB must be accompanied by a letter of approval from the respective basin roundtable.

For the Statewide Account - applications must be received by the 1st of the month, the month prior to the March and September Board meetings. In other words, applications for March meeting are due February 1st and applications to be considered at the September meeting are due August 1st. Applications for funds from the Statewide Account will submit applications consistent with the application submittal requirements and these criteria and guidelines. If the application meets the eligibility requirements and threshold criteria then the application will undergo further evaluation using the evaluation criteria. Meeting the criteria allows for the application to be moved forward first to the appropriate basin roundtable and then to the Board. The Colorado Water Conservation Board retains its discretion to approve or deny any application to the Statewide Account.

Matching Requirement: For requests from the Statewide Fund, the applicants will be required to demonstrate a **25 percent** (or greater) match of the total grant request from the other sources, including by not limited to Basin Funds. A minimum match of 5% of the total grant amount shall be from Basin funds. A minimum match of 5% of the total grant amount must come from the applicant or 3rd party sources. Recognizing the limited resources of some entities, in-kind services will be eligible as matching funds. Past expenditures directly related to the project may be considered as matching funds if the expenditures occurred within 9 months of the date the contract or purchase order between the applicant and the State of Colorado is executed.

For the Basin Account(s) - applications must be received by the 1st of the month, the month prior to the bimonthly Board meetings in which the application will be considered for funding. Applicants for funds from the Basin Account will submit applications consistent with the application submittal requirements and these criteria and guidelines. If the application meets the eligibility requirements and threshold criteria and there are sufficient funds in the Basin Account, then the CWCB will approve the application(s).

CWCB staff will review all eligible applications and provide a written recommendation to the full CWCB Board at their routine applicable Board meetings. CWCB staff will provide a written recommendation to the Board for allocating funding. The written recommendation will provide a summary detailing how the applicant met the eligibility requirements and evaluation criteria described in this document. The CWCB staff and Board will also provide a summary of why each application is being funded, partially funded or not funded. The following threshold criteria are not provided in any order of preference.

Threshold Criteria – the following criteria must be met in order for an application to be funded out of a Basin Account or to undergo further evaluation from the Statewide Account.

1. The water activity meets the eligibility requirements outlined in Part 2 of these criteria and guidelines.
2. The water activity is consistent with Section 37-75-102 C.R.S.¹.
3. The water activity underwent an evaluation and approval process and was approved by the BRT and the application includes a description of the results of the BRTs evaluation and approval of the activity. At a minimum, the description must include the level of agreement reached by the roundtable, including any minority opinion(s) if there was not general agreement for the activity. The description must also include reasons why general agreement was not reached (if it was not), including who opposed the activity and why they opposed it.
4. The water activity meets the provisions of Section 37-75-104 (2) (c), C.R.S.² The Basin Roundtable Chairs shall include in their approval letters for each WSRA application a description of how the water activity will assist in meeting the water supply needs identified in the basin roundtable's consumptive and/or non-consumptive needs assessments.

¹ 37-75-102. Water rights - protections. (1) It is the policy of the General Assembly that the current system of allocating water within Colorado shall not be superseded, abrogated, or otherwise impaired by this article. Nothing in this article shall be interpreted to repeal or in any manner amend the existing water rights adjudication system. The General Assembly affirms the state constitution's recognition of water rights as a private usufructuary property right, and this article is not intended to restrict the ability of the holder of a water right to use or to dispose of that water right in any manner permitted under Colorado law.

(2) The General Assembly affirms the protections for contractual and property rights recognized by the contract and takings protections under the state constitution and related statutes. This article shall not be implemented in any way that would diminish, impair, or cause injury to any property or contractual right created by intergovernmental agreements, contracts, stipulations among parties to water cases, terms and conditions in water decrees, or any other similar document related to the allocation or use of water. This article shall not be construed to supersede, abrogate, or cause injury to vested water rights or decreed conditional water rights. The General Assembly affirms that this article does not impair, limit, or otherwise affect the rights of persons or entities to enter into agreements, contracts, or memoranda of understanding with other persons or entities relating to the appropriation, movement, or use of water under other provisions of law.

² 37-75-104 (2)(c). Using data and information from the Statewide Water Supply Initiative and other appropriate sources and in cooperation with the on-going Statewide Water Supply Initiative, develop a basin-wide consumptive and nonconsumptive water supply needs assessment, conduct an analysis of available unappropriated waters within the basin, and propose projects or methods, both structural and nonstructural, for meeting those needs and utilizing those unappropriated waters where appropriate. Basin Roundtables shall actively seek the input and advice of affected local governments, water providers, and other interested stakeholders and persons in establishing its needs assessment, and shall propose projects or methods for meeting those needs. Recommendations from this assessment shall be forwarded to the Interbasin Compact Committee and other basin roundtables for analysis and consideration after the General Assembly has approved the Interbasin Compact Charter.

Evaluation Criteria – the following criteria will be utilized to further evaluate the merits of the water activity proposed for funding from the Statewide Account. In evaluation of proposed water activities, preference will be given to projects that meet one or more criteria from each of the three “tiers” or categories. Each “tier” is grouped in level of importance. For instance, projects that meet Tier 1 criteria will outweigh projects that only meet Tier 3 criteria.

In order to help applicants better understand how staff determines the level at which a Statewide Account application meets the evaluation criteria, a supplemental scoring matrix was designed. No minimum score is required for Statewide Account applications to be eligible for funding, but the tool will be used to help staff compare grants for this increasingly competitive grant program. However, the Scoring Matrix will not eliminate or disqualify an application and the Board retains the final decision making authority. The scoring matrix is available here; [Supplemental Scoring Matrix](#)

WSRA grant requests for projects that may qualify for loans through the CWCB loan program will receive preference in the Statewide Evaluation Criteria if the grant request is part of a CWCB loan/WSRA grant package. For these CWCB loan/WSRA grant packages, the applicant must have a CWCB loan/WSRA grant ratio of 1:1 or higher. Preference will be given to those with a higher loan/grant ratio.

Tier 1: Promoting Collaboration/Cooperation and Meeting Water Management Goals and Identified Water Needs

- a. The water activity addresses multiple needs or issues, including consumptive and/or non-consumptive needs, or the needs and issues of multiple interests or multiple basins. This can be demonstrated by obtaining letters of support from other basin roundtables (in addition to an approval letter from the sponsoring basin).
- b. The number and types of entities represented in the application and the degree to which the activity will promote cooperation and collaboration among traditional consumptive water interests and/or non-consumptive interests, and if applicable, the degree to which the water activity is effective in addressing intrabasin or interbasin needs or issues.
- c. The water activity helps implement projects and processes identified as helping meet Colorado’s future water needs, and/or addresses the gap areas between available water supply and future need as identified in SWSI or a roundtable’s basin-wide water needs assessment.

Tier 2: Facilitating Water Activity Implementation

- d. Funding from this Account will reduce the uncertainty that the water activity will be implemented. For this criterion the applicant should discuss how receiving funding from the Account will make a significant difference in the implementation of the water activity (i.e., how will receiving funding enable the water activity to move forward or the inability obtaining funding elsewhere).
- e. The amount of matching funds provided by the applicant via direct contributions, demonstrable in-kind contributions, and/or other sources demonstrates a significant and appropriate commitment to the project.

Tier 3: The Water Activity Addresses Other Issues of Statewide Value and Maximizes Benefits

- f. The water activity helps sustain agriculture, and open space, or meets environmental or recreational needs.
- g. The water activity assists in the administration of compact-entitled waters or addresses problems related to compact entitled waters and compact compliance and the degree to which the activity promotes maximum utilization of state waters.
- h. The water activity assists in the recovery of threatened and endangered wildlife species or Colorado State species of concern.
- i. The water activity provides a high level of benefit to Colorado in relationship to the amount of funds requested.
- j. The water activity is complimentary to or assists in the implementation of other CWCB programs, for example water made available to the CWCB for the Stream and Lake Protection Program or compact compliance purposes.