



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E., Finance Section Chief
Anna Mauss, P.E., Marketing Manager

DATE: November 16-17, 2016 Board Meeting

AGENDA ITEM: 7e. Financial Matters - Construction Fund and Severance Tax Perpetual Base Fund - Change to Financial Policy #17

Introduction

In 1999 through SB 99-173, the Legislature authorized the Board to set aside \$200,000 of Construction Fund money in a special fund reserved for feasibility studies for water resources infrastructure systems projects. Section 37-60-122.7(5) of the C.R.S. established the fund. The money in the fund is continuously appropriated to the Board for immediate availability for making small grants to water users to help pay for the costs of preparing feasibility studies in conformance with the CWCB Water Project Loan Program Guidelines. The fund is intended to encourage planning by local water supply entities and to evaluate technical feasibility and the financial aspects of projects if funded through the Water Project Loan Program.

In an effort to align with the goals of the Colorado Water Plan, staff is asking the board to support a statute change in Section 37-60-122.7(5) to increase the appropriation to \$300,000. The intent of the increase is to encourage and support reconnaissance and feasibility planning by local water providers. This change will need to be included in the FY17 Projects Bills.

Staff is also asking the board to consider a change to Financial Policy #17 - Application Approval and Use of Grants from the Feasibility Study Small Grant Fund. Currently the policy gives the CWCB director approval authority for grants up to \$5,000 without Board authorization. Staff is recommending increasing the CWCB director's approval limit to \$50,000. This is consistent with the limit on Water Conservation Planning grants offered by the CWCB. (See attached Financial Policy Number #17.)

Staff recommendation

Staff recommends increasing the approval limit of the CWCB Director to \$50,000 for grants from the Feasibility Study Small Grant Fund.



POLICY NUMBER: 17

SUBJECT: **APPLICATION APPROVAL AND USE OF GRANTS FROM THE FEASIBILITY STUDY SMALL GRANT FUND**

EFFECTIVE DATE: November 24, 1998

REVISED DATE: January 27, 2004, **November 16, 2016**

POLICY: The Colorado Water Conservation Board (CWCBC) will accept applications for grants from the Feasibility Study Small Grant Fund (~~the~~ Fund) at any time during the year.

The CWCBC will review grant applications from the Fund for water project feasibility studies that meet the established goals and loan program needs of the CWCBC Construction Fund and Severance Tax Trust Fund Perpetual Base ~~Account~~ **Fund and potential projects that align with the goals of the Colorado Water Plan.**

All grants from the Fund will be limited to fifty percent of the total study cost. The CWCBC Director has the authority to approve grants up to \$5,000 without prior Board authorization **for feasibility studies for projects related to construction or rehabilitation of ditches and canals, pipelines, diversion structures, water rights purchases, flood control projects, and hydroelectric projects.** The CWCBC Director has the authority to approve grants up to \$50,000 without prior Board authorization **for projects that address storage needs, including: removing a storage restriction, reservoir enlargement, or new storage projects.** The applicant must complete the project feasibility study within one year of the approval date.

Eligible study costs will include:

- a. Study preparation costs.
- b. Engineering costs including surveying, preliminary design, geo-technical analysis of foundation conditions, and the design report.
- c. Appraisal costs when an appraisal is required for the loan.
- d. Financial audit costs when no financial information currently exists.

PURPOSE: To establish an application and approval process for grants from the Feasibility Study Small Grant Fund.

APPLICABILITY: This policy and procedure apply to grant applications from the Feasibility Study Small Grant Fund.

PROCEDURE: A grant applicant will submit the following to the CWCB staff for review:

- a. A letter of request for the grant. The letter must state that the feasibility study will be in the CWCB format, and that the applicant plans to apply for a loan from the CWCB and has selected an engineer to complete the study.
- b. Scope of work and cost estimate for the study from the engineer.
- c. Loan Application (preliminary).
- d. Articles of Incorporation and Bylaws (or equivalent documentation.)
- e. Financial Statements for the 2 most recent years (Income/expense and balance sheet)
- f. The applicant's current W-9 form.

Staff will review the grant application for compliance with the above criteria and, in their professional opinion, likelihood of successful project development. Applications greater than ~~\$50,000~~ \$5,000 will be referred to the Board for consideration at the next regularly scheduled Board meeting. Applications for ~~\$50,000~~ \$5,000 or less will be referred to the CWCB Director.

Approved by the CWCB
January 27, 2004 Board Meeting
Agenda Item #12