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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

DATE: November 15-16, 2017 Board Meeting

AGENDA ITEM: 7b. Funding the Colorado Water Plan

Introduction

This agenda item will review the CWCB's continuation of the Colorado's Water Plan Implementation Funding efforts and its inclusion in the 2018 CWCB Projects Bill.

At the November 2016 Board Meeting, the Board elected to utilize the large early payoff of the Aurora Water loan to begin the implementation of Colorado's Water Plan. The Board planned to use this funding in three \$25M annual allotments. This agenda item proposes to include the second installment of \$25M in the 2018 Project Bill.

Staff Recommendation

Staff recommends the Board approve the \$25 million Colorado Water Plan Implementation Funding package in the 2018 Projects Bill.

Discussion

Severance Tax revenues are projected to be below average in the current 17/18 fiscal year; however, staff maintains confidence that there will be adequate funds for the CWCB's loan and grant programs in FY18/19.

Staff continues to support the allocation of Water Plan Implementation Funding as follows.

1) \$10 million to the Water Supply Reserve Fund. This supplemental funding helped offset the low distribution of Severance Tax revenues to this Fund. Tier 2 funding is expected to be between 20% and 40% of full funding in FY17/18 (or about \$3 million). Staff recommends the Board continue this supplemental funding level in FY18/19 by transferring \$10 million from the Severance Tax Perpetual Base Fund to the Water Supply Reserve Fund on July 1, 2018 for use in funding water supply projects under the criteria and guidelines developed for the WSRF.

2) \$5 million to the Watershed Restoration Program. Staff has indicated an increase in the applications for watershed and stream restoration efforts. Staff recommends the transfer of \$5 million from the Severance Tax Perpetual Base Fund to the Construction Fund for use in the Watershed Restoration Program in FY18/19 to continue planning, engineering, and implementation measures, aquatic habitat protection, restoration work, and monitoring efforts to address technical needs for watershed restoration and flood mitigation projects, and to support healthy stream and watershed goals.



3) \$10 million for Water Plan Grants to assist in implementation of Colorado's Water Plan. The 2017 Projects Bill established an annual transfer of \$10 million from the Severance Tax Perpetual Base Fund to the Construction Fund. The FY18/19 transfer will require an appropriation by the Legislature to be used by the CWCB for Water Plan Grants. The breakdown of the \$10 million into funding categories will be reviewed by staff and presented to the Board in January 2018 for approval.

A final note

Looking into the future, the FY19/20 funding may require a reduction in the third \$25 million installment if Severance Tax revenues do not improve. This will be decision will be reviewed at the Finance Committee meeting in September 2018 with a final decision made at the November 2018 Board meeting.