

Funding the Future: Financing the Implementation of Colorado's Water Plan

Recognizing the desire to more reliably plan for and establish additional state water funding recommendations in Colorado's Water Plan, the Interbasin Compact Committee (IBCC) established a Funding Concepts Task Group. This document outlines the topics the group discussed with the goal of better defining potential funding solutions to support the three core values of the water plan:

- A productive economy that supports vibrant and sustainable cities, agriculture, recreation, and tourism;
- Efficient and effective water infrastructure; and
- A strong environment with healthy watersheds, rivers, streams and wildlife:

The funding discussion will likely focus on developing a possible ballot initiative aimed at shoring-up revenue gaps to meet the goals of Colorado's Water Plan. In early IBCC discussions, it was determined that the specific language, marketing or campaign development of any future ballot initiative are best suited for subject matter experts (SMEs) who specialize in these areas. However, at a minimum, a new ballot initiative would articulate and address:

- How the CWCB and Roundtable plans have identified solutions to Colorado's water needs;
- How current funding streams, like severance taxes, fail to provide stable long-term revenues; and
- How the state would use new revenues to meet needs without creating winners and losers.

A Possible Framework for Distributing New Water Funding

Equally critical to establishing a revenue source is creating a framework for how revenues would be divided into categories, how those funds would be managed, and defining what specific efforts would be funded. *These concepts are the current focus of the IBCC's Funding Task Group.*

The Task Group discussed five categories of funding that aligned closely with the components of Colorado's Water Plan objectives. The Task Group envisions splitting the funds between these five sectors (Healthy Rivers, Water Quality, Conservation and Efficiency, Sustainable Agriculture, and Infrastructure). The Task Group also recommends that the entity distributing these funds provide a streamlined application process for multipurpose and collaborative projects or programs so that such projects or programs can access funding from multiple categories. In addition, the Task Group recommends that the Fund be used to develop programs and projects that will help reduce Colorado's water supply risk under the Colorado River Compact and other compacts, while promoting strategies that preserve critical flows.

1. Healthy Rivers – The flow of Colorado's rivers serve as the backbone for our coveted natural environment and our valuable recreation economy. To maintain river health and resiliency the Fund will support plans that respect community values and adhere to common approaches to identify stream needs, along with the implementation of collaborative solutions to meet them, such as market-based environmental water transactions.

2. Water Quality – Colorado’s health and prosperity as a state depend on thriving watersheds and resilient water quality. The Fund will support basin and regional projects that identify watershed needs, as well as the implementation of joint efforts to improve watershed functionality and reduce water quality risks to our communities, such as forest integrity, reduction of selenium and salts, and mine remediation.

3. Conservation and Efficiency – Colorado continues to lead the way with innovative water conservation and efficiency technologies on our farms and in our cities. The Fund will be used to accelerate these strategic improvements by: supporting agricultural water infrastructure that increases reliability and efficiency; assisting communities with water-smart new development and conservation programs; targeting smaller, fast-growing, and older communities with strategic, incentive-based grants; and supporting reuse projects that efficiently stretch existing supplies to reduce pressure on rivers and streams.

4. Sustainable Agriculture – To maintain sustainable agriculture, Colorado needs to continue promoting the evolution and development of improved technologies and flexible agricultural water management practices to ensure our food security. The Fund will support the preservation of agricultural production as well as flexible water sharing agreements by: incentivizing water leasing over traditional “buy and dry” approaches; supporting infrastructure necessary to monitor, store, and deliver leased water; and matching investments in collaborative programs such as the Regional Conservation Partnership Program and System Conservation Pilot Program.

5. Infrastructure – The growing population of Colorado depends on robust water infrastructure to supply our farms, ranches, and homes. The Fund will strategically assist in upgrading aging infrastructure while incentivizing new storage and delivery projects that collaboratively address multiple needs, such as improved flows to meet demands, stream and watershed health, and habitat quality. Given that many infrastructure projects are eligible for other funding, this category would be subject to specific criteria to ensure efficient use of state funds. In addition, any project funded in this category would have to be consistent with the relevant sections of the Conceptual Framework.

Ongoing Discussion of Potential Fund Governance

While there is not yet consensus on this topic, the Task Group is discussing various options for how funds could be managed. Potential options include using the current structure of the Colorado Water Conservation Board (perhaps with some degree of modification) or creating a new entity.