



COLORADO

Colorado Water Conservation Board

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TO: Colorado Water Conservation Board Members

FROM: Lauren Ris, Deputy Director

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AGENDA ITEM: 11b. Water Plan Implementation Funding

Introduction

This agenda item will review the CWCB's continuation of funding efforts for Colorado's Water Plan Implementation and its inclusion in the 2019 CWCB Projects Bill.

At the May 2016 Board Meeting, staff indicated that the CWCB had received revenue above the agency's average annual amount. At that time, staff's recommendation was to put \$75 million toward the Colorado Water Plan Implementation effort over a 3 to 5-year period, with funding levels determined on an annual basis based on actual cash available. In FY17/18 and FY18/19, the Board received legislative approval for \$25M and \$11M respectively for this purpose, summarized in the table below. The FY18/19 appropriation request was at a reduced level due to concerns about potential refunds as a result of the Supreme Court's ruling in the BP America v. Colo. Dept. of Revenue case, which required the state to issue tax refunds to oil and gas companies.

Table 1. Water Plan Implementation Funding Summary (Past and Future)

	FY17/18 HB17-1248	FY18/19 SB18-218	Proposed FY19/20 HB19-xxxx
WSRF Supplemental Funding	\$10M	\$2M	\$2.5M
CO Watershed Restoration Program	\$5M	\$2M	\$4M
Agricultural Transfer Methods (ATM) Grants	\$1M*		\$1M
Agricultural Projects WPGGrants	\$1M	\$1M	\$1M
Conservation & Land Use Planning WPGGrants	\$1M	\$1M	\$1M
Environment/Recreation WPGGrants	\$1M	\$1.5M	\$1.5M
Innovation/Outreach WPGGrants	\$1M	\$0.5M	\$0.5M
Storage & Supply Gap WPGGrants	\$5M	\$3M	\$3M
Water Plan Updating Efforts	\$1M		\$5.5M
TOTAL	\$25M	\$11M	\$20M

*Not originally included in the \$25M package of Water Plan Implementation Funding

Staff Recommendation

Staff recommends the Committee's approval of the \$20 million Water Plan Implementation Funding for inclusion in the 2019 Projects Bill.



Discussion

The Severance Tax projections for FY18/19 and FY19/20 are expected to be back to or slightly above average. As a result, staff recommends equally distributing the remaining \$39M over the next two fiscal years— \$20M FY19/20 and a \$19M in FY20/21. This will fully meet the original \$75M commitment. Any future commitments beyond FY20/21 will be dependent on many factors including Severance Tax revenues, Federal Mineral Lease revenues, and interest earnings.

The staff recommendation for \$20 million Water Plan Implementation Funding for the upcoming fiscal year is as follows:

- 1) Water Plan Implementation Funding. \$12 million to assist in funding the Implementation of the Water Plan through the following existing grant programs:
 - Environment
 - CO Watershed Restoration Program Grants - \$4M
 - Environment/Recreation Water Plan Grants - \$1.5M
 - Agriculture
 - Alternative Transfer Methods (ATM) Grants - \$1M
 - Agricultural Projects - Water Plan Grants - \$1M
 - Water Supply Gap Reduction
 - Conservation and Land Use - Water Plan Grants - \$1
 - Storage & Supply Projects - Water Plan Grants - \$3M
 - Innovation, Outreach and Education
 - Innovation and Outreach - Water Plan Grants - \$0.5
- 2) Water Supply Reserve Fund Supplemental Funding. \$2.5 million to the Water Supply Reserve Fund to supplement any severance tax (Tier 2) funding. The combined total is currently estimated to equal \$10M. This supplemental funding will help the Basin Roundtables move important projects forward and provide some financial certainty. This money will be available on July 1, 2019 as a transfer of \$2.5 million from the Construction Fund to the Water Supply Reserve Fund.
- 3) \$5.5 million to update Basin Implementation Plans and Colorado's Water Plan (CWP). As outlined in Chapter 11 of the CWP, the process for updating the CWP includes: 1) Updating the Statewide Water Supply Initiative (SWSI), 2) Incorporating SWSI outputs into Basin Implementation Plan (BIP) updates and then, 3) Using both the SWSI and BIP updates to inform the development of the next CWP. However, rather than performing these as three discrete, sequential initiatives, these components are significantly and increasingly inter-linked. To be most effective, all of these efforts need to be planned and funded together. In other words, the SWSI, BIP and CWP updates require concurrent phased development to capitalize on progress, build momentum, and meet CWP goals of initiating the water plan updates in 2020; the 5-year anniversary of the plan.

To meet this need, staff is proposing a \$5.5 million, multi-objective water plan funding initiative that not only ensures SWSI outputs are incorporated into the BIP updates, but funds the collaborative development of those BIPs (\$290k per roundtable). It also provides solutions-oriented tools (such as an implementation plan database and basin fact sheets) and supports standardized reporting (such as enhanced project metrics and streamlined HB-1051 municipal water use reporting).