



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

DATE: January 28-29, 2019 Board Meeting

AGENDA ITEM: 15. 2019 Projects Bill

Introduction (This is for information only and no action is necessary)

Attached is the summary of the proposed 2019 CWCB Projects Bill draft for discussion and modification as necessary.

Items of note include:

1. \$20 million dedicated to Water Plan Implementation
2. \$15.5 million loan to Central Water Conservancy District - Walker Recharge Project
3. Providing funding and changing the Flood & drought Response Fund and the Feasibility Study Grant Fund statute to allow automatic annual refresh funding.
4. Modify the 2018 Projects Bill language to allow the Republican River Matters Appropriation (\$8 million) to “remain available for the designated purpose until the funds are fully expended”



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SENATE BILL HB19-....

THE 2019 WATER PROJECTS BILL

Background

The General Assembly annually authorizes water projects from the Construction Fund and the Severance Tax Perpetual Base Fund. The CWCB provides low-interest loans to domestic and agricultural water providers for water supply projects. These revolving loan funds generate interest earning that are used for CWCB operations, programs, projects and grants to help implement the Colorado Water Plan. To date, over 600 loans have helped finance engineering, construction, and the purchase of water.

The CWCB is celebrating the third anniversary of Colorado's Water Plan. This Bill includes several projects and programs that will help implement the Plan including consumptive and non-consumptive projects and activities throughout the state.

The **Construction Fund** was created in 1971 to provide low-interest loans for water projects and provide monies for non-reimbursable investments. The Fund is a revolving loan fund that allows the CWCB to operate without money from the state's General Fund. Revenues come from interest earnings and royalty distributions from federal mineral leases.

The **Severance Tax Perpetual Base Fund** was established by the General Assembly in 1997. The Fund is a revolving loan fund that receives revenues from interest earnings and from severance taxes paid by the producers of gas, oil, coal and other minerals. In early FY17/18 a majority of Severance Tax revenues were needed to pay refunds to oil and gas producers as a result of the BP America Supreme Court ruling in the spring of 2016. This has caused CWCB to reconsider funding commitments and strategically plan for a future with less Severance Tax revenue.

Small Project Loan Report - A report detailing the 12 loans made in calendar year 2018, providing over \$15 million, was submitted the the General Assembly on January 7th 2019. A copy of the report will be available on the legislative website at www.colorado.gov.

Loan interest rates are adjusted bi-monthly by CWCB. The rates mid-year 2018 were:

- 1.70 % for agricultural loans and
- 2.40% to 3.10% for municipal loans 6.0% for commercial loans
- 2.0% for hydroelectric projects



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2019 Bill Highlights

Provides \$40 million focusing on Implementation of Colorado's Water Plan. Including: Water storage, Watershed health, Environment and Recreation, Flood control/mitigation, Monitoring streams, Conservation, Innovation, Preserving agriculture, Flood hazard mapping, Water Plan updates, Feasibility studies, Loans, and other programs and projects.

For more information, contact
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The CWCB accepts applications for non-reimbursable project investments and project loans over \$10 million on August 1st of each year. Applications include programs, projects or activities of statewide impact or importance and are considered by the Board for inclusion in the annual Water Projects Bill.

Non-Reimbursable Project Investments			
Section X. Satellite Monitoring (Continuation)	Appropriates funds to install, maintain, and operate satellite monitored stream gauges and lysimeters for water rights administration and data collection, as statutorily authorized.	Statewide	\$380,000
Section X. Floodplain Map Modernization Program (Continuation)	Assists communities to revise and improve floodplain studies and maps. Provides the required non-federal matching dollars that are further leveraged by local cost share and in-kind services. This Program leverages four million dollars in local and federal funds annually.	Statewide	\$500,000
Section X. Weather Modification Permitting Program (Continuation)	Assists water conservation and conservancy districts with the development of cloud seeding programs to provide benefits to recreation, streams, and reservoirs through snowpack enhancement. This Program leverages about one million dollars in local and out of state annually.	Statewide	\$175,000
Section X. Colorado Mesonet Project (Continuation)	This project will provide funding for operation, maintenance, travel, communications, database and website management for temperature and precipitation stations referred to as the Colorado Mesonet, previously managed and operated by NOAA and currently operated by the Colorado Climate Center at CSU.	Statewide	\$150,000
Section X. In-Stream Flow Engineering Support Services (Continuation)	This funding will assist staff in conducting technical analysis and expert testimony to resolve or defend existing in-stream flow water rights, establish new in-stream flow appropriations, and change the use of acquired water rights for in-stream flow use.	Statewide	\$250,000
Section X. Lidar Acquisition	High quality topographic data is necessary to develop accurate FEMA flood hazard mapping. Additionally, the Colorado Hazard Mapping program relies on high quality elevation data for debris flow mapping and fluvial hazard mapping. The FEMA funds can be leveraged through the U.S. Geological Survey (USGS) 3D Elevation Program.	Statewide	\$200,000
Section X. Technical Assistance Grants for CRSP MOA	This funding will assist Project Beneficiaries in the state of Colorado by providing technical assistance funding to advance projects through the design phase so the state can be in a better position for its fair share of Colorado River Storage Project Act (CRSP) funding via the Memorandum of Agreement (MOA).	Colorado River Basin	\$200,000

Section X. Colorado Water Plan Implementation Funding (Continuation)	<p>Appropriates \$20M in grant making from the Construction Fund to support the implementation of the Colorado Water Plan by funding the following activities:</p> <ul style="list-style-type: none"> • \$2.5M transfer from Construction Fund to the Water Supply Reserve Fund on June 30, 2019 for supplemental funding (Section X); • \$4M for the Watershed Restoration program funding (Section X); • \$1.5M for Environmental, and Recreational projects; (Section X) • \$1.0M to provide technical assistance, project, or program funding for agricultural projects. (Section X) • \$1.0M to provide continued funding for the Alternative Agricultural (ATM) Grant Program as developed under SB07-122 as an effort to alternatives to permanent dry-up of agricultural lands. (Section X) • \$0.5M for grants for Water Education, Outreach, and Innovation efforts; (Section X) • \$1.0M for grant funding to implement long-term strategies for conservation, land use, and drought planning; (Section X) • \$3M to facilitate the development of additional storage, artificial recharge into aquifers, and dredging existing reservoirs to restore the reservoirs' full decreed storage capacity for multi-beneficial projects and those projects identified in basin implementation plans to address the water supply and demand gap. (Section X) • \$5.5M to update Basin Implementation Plans and Colorado's Water Plan (CWP). As outlined in the CWP updating includes: Updating the Statewide Water Supply Initiative (SWSI), Incorporating SWSI outputs into Basin Implementation Plan (BIP) updates and then, Using both the SWSI and BIP updates in the development of the next CWP. (Section X) 	Statewide	\$20,000,000
Section X. Restoration of Flood and Drought Response Fund Balance	Refreshes the fund created to respond to flood and drought events through documentation, forecasting, post flood mapping, hazard area identification, mitigation plans, and recovery activities up to \$500,000.	Statewide	\$500,000
Section X. Restoration of Litigation Fund Cash Balance	Restore the CWCB Litigation Fund to \$2,000,000 to assist in addressing legal issues associated with compact compliance or any other litigation activities as defined under section 37-60-121 C.R.S.	Statewide	\$2,000,000
Section X. Restoration of Feasibility Study Small Grant Fund Balance	This will restore the Feasibility Study Small Grant Fund to \$500,000 to encourage and support reconnaissance and feasibility planning of water projects by local water providers with an emphasis on water storage projects.	Statewide	\$500,000
Large Water Project Loan Authorizations (> \$10 million)			
Section X. Walker Recharge Project	The Project is a water supply retiming effort using the alluvial aquifer of the South Platte River. The Project will develop a water supply that can be used to increase irrigation opportunities for agricultural production within its service area by providing augmentation credits that can be used to	South Platte	\$15,150,000 (Sev Tax)

	<p>increase the well pumping quotas of GMS and WAS, and to increase water leasing opportunities of CCWCD. The total Project cost is estimated to be \$18,164,000.</p> <p>This request is for authorization of three loans in support of this Project. The loans will be made available to:</p> <ul style="list-style-type: none"> • Central Colorado Water Conservancy District (CCWCD) \$2,250,000 • Well Augmentation Subdistrict of Central Colorado Water Conservancy District (WAS) \$3,000,000 • Groundwater Management Subdistrict of Central Colorado Water Conservancy District (GMS) \$9,750,000 		
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Other Provisions

Session Law Revision: Proposed revisions to SB18-218(Section 18) Republican river matters - appropriation. (1) For the 2018-19 state fiscal year, \$8,000,000 is appropriated to the department of natural resources for use by the department of natural resources. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the department of natural resources may use this appropriation for Republican river matters.

(2) The money appropriated in subsection (1) of this section remains available for the designated purposes ~~through June 30, 2019~~ UNTIL THEY ARE FULLY EXPENDED.