

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

Jared Polis, Governor

Dan Gibbs, DNR Executive Director

Rebecca Mitchell, CWCB Director

SENATE BILL SB19-221 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
Doug Vilsack, DNR Legislative
Liaison (303) 866-3311 ext. 8664

Colorado Water Conservation Board
1313 Sherman Street, Room 718
Denver, CO, 80203
Phone: (303) 866-3441
Internet: www.cwcb.state.co.us

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 1. 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 2. 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 3. 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 4. 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 5. 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 6. Lidar Acquisition (Continuation)	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 7. 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 8. 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	Up to 2,000,000
Section 9. Supplemental Funding Transfer to WSRF	\$2.5M transfer from Construction Fund to the Water Supply Reserve Fund on June 30, 2019 for supplemental funding to support implementation of the Colorado Water Plan.	Statewide	2,500,000
Section 10. Colorado Water Plan Implementation Funding (Continuation)	<p>Appropriates \$17.5M 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"> • \$4M for the Watershed Restoration program funding; • \$1.5M for Environmental, and Recreational projects; • \$1.0M to provide technical assistance, project, or program funding for agricultural projects; • \$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; • \$0.5M for grants for Water Education, Outreach, and Innovation efforts; • \$1.0M for grant funding to implement long-term strategies for conservation, land use, and drought planning; • \$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; • \$5.5M to update Basin Implementation Plans for each of the nine basin roundtables, improve basin data collection and metrics for tracking state water plan implementation, and for use of the data for future updates to the state's Water Plan. 	Statewide	\$17,500,000
Large Water Project Loan Authorizations (> \$10 million)			
Section 11. Walker Recharge Project	<p>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 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) \$2,272,500 • Well Augmentation Subdistrict of Central Colorado Water Conservancy District (WAS) \$3,030,000 • Groundwater Management Subdistrict of Central Colorado Water Conservancy District (GMS) \$9,847,500 	South Platte	\$15,150,000 (Sev Tax)

Other Provisions

Session Law Revision: Revision to SB18-218(Section 18) Republican river matters

Allows funds to remain available until they are fully expended. **(Section 12)**

Statutory Revision: Revision to the Colorado Revised Statutes CRS 37-60-122.7 - Feasibility study small grant fund

To automatically restore the unencumbered balance in the fund to \$500,000 annually. **(Section 13)**

Statutory Revision: Revision to the Colorado Revised Statutes CRS 37-60-123.2 - Flood and drought response fund

To automatically restore the unencumbered balance in the fund to \$500,000 annually. **(Section 14)**

Statutory Revision: Revision to Colorado Revised Statutes CRS 39-29-109.5 - Severance tax trust fund

Change to single transfer on July 1, 2019 **(Section 15)**