



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

Jared Polis, Governor

Dan Gibbs, DNR Executive Director

Rebecca Mitchell, CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Russ Sands, Section Chief - Water Supply Planning

DATE: November 17, 2021 Board Meeting

ITEM: Agenda Item #9 Water Supply Reserve Fund (WSRF) Changes

Staff Recommendation

Staff recommends the CWCB Board approve the proposed updates to the WSRF Criteria and Guidelines and approve the new Public Education Participation and Outreach (PEPO) Criteria and Guidelines.

Introduction

Over the last two years the Water Supply Reserve Fund (WSRF) has received zero dollars (\$0) from annual severance tax disbursements and projections for severance tax continue to show a decline. This was one reason SB 21-281 changed the state severance tax distribution model and moved WSRF from the Severance Tax Operational Fund Grant Program (formerly Tier II) to receive funding from the Severance Tax Perpetual Base Fund; however the program is still reliant on Severance Tax revenues which remain low.

Without a significant increase of Severance Tax revenue, WSRF will continue to see limited funding into the foreseeable future as projections show prolonged years of low revenue. Given the WSRF spending history, both the statewide and basin accounts are expected to be completely spent by the end of 2023 without a change to the way money is allocated.

To stabilize funding in the WSRF program, the Colorado Water Conservation Board (CWCB) staff is proposing a three-year pilot that requires significant changes to the WSRF Criteria and Guidelines in order to provide stability to basin roundtables and the CWCB. This plan would allocate \$3M annually to the WSRF fund, to be distributed to each basin in the amount of \$300,000 per year per basin in addition to designated monies for Public, Education, Participation and Outreach (PEPO). The proposed WSRF pilot changes would provide the roundtables with a known quantity of funds and stability through the middle of 2025, while also offering a funding stream for expanded outreach and education for PEPO liaisons and statewide efforts - both of which have an established need for supplemental funding.

Background

For the last two years the WSRF has received zero dollars from annual severance tax disbursements. Severance tax has historically experienced erratic swings over time making it hard to know exactly how much funding will come in from year-to-year. Despite these swings, the overall trend shows severance tax is declining, which creates instability for the funds/programs that are dependent on those revenues.

Within the Department of Natural Resources and the CWCB, two key severance tax-supported funds include the Severance Tax Operational Fund (Operational Fund) and the CWCB's Severance Tax Perpetual Base Fund (Perpetual Base Fund).

Previously, the Operational Fund was filled through a system of tiers that would fill and spill into subsequent tiers - each having their own funding needs of varying levels of importance (e.g. staff, programs, grants). The tier 1 or “core departmental programs,” were filled first and then, once full, monies went into tier 2 programs. The latter included support for CWCB’s WSRF grants – supporting the basin roundtables’ ability to direct grant funding to basin projects. In 2021, after two consecutive years where WSRF failed to receive any monies from the Operational Fund, SB 21-281 aimed to prop-up WSRF funding by shifting the funding source from the Operation Fund to the CWCB’s Perpetual Base Fund.

While SB 21-281 shifted WSRF’s funding source, it did not provide any additional monies. Because the Perpetual Base Fund is also funded by severance tax, it is similarly experiencing declining revenues and the funds. Collectively the CWCB’s portfolio, made up of the Perpetual Base Fund and Construction Fund, support several critical initiatives. Funding WSRF on top of other programs with a budget that is strained by low severance tax revenues creates an additional burden on the Perpetual Base Fund.

In recent years the impacts of having no (\$0) WSRF allocation have been lessened by available carryover dollars (FY20) and the addition of stimulus dollars (FY21). Still, these infusions have only patched the funding gap left by dwindling severance tax revenues and the impacts of no money coming in have major impacts to basin roundtable grant funding through WSRF. Given historic spending levels and the spending requirements in statute for stimulus funding, both the WSRF statewide and basin accounts will likely be completely spent by the end of 2023.

As severance tax declines challenge the total available funding in CWCB’s fund portfolio it may become increasingly difficult to pay for, or pay as much for, existing similarly funded initiatives. The addition of WSRF to the list of things CWCB has to fund with limited dollars presents a dilemma. Roundtables are similarly struggling with declining funds at a time when they’ve just updated project lists and are wanting to help implement those projects. The CWCB proposes this pilot to establish a new approach to support roundtable WSRF grant funding that will allow CWCB to meet its funding commitments, give a level of consistency and certainty to basin roundtables and better support PEPO efforts.

Three-Year Pilot Initiative Details

A three year pilot funding is being proposed to evaluate the long-term possibility of sustaining a \$3M dollar annual allocation of funds that will be used to support basin/CWCB WSRF grantmaking efforts as well as basin/CWCB outreach efforts. The \$3M annual disbursement would total \$9M over the pilot period, which is close to the amount of money currently in the WSRF statewide account (\$8,388,138).¹ The CWCB would seek to make up the difference between the pilot funding goals and current balance in statewide WSRF funding (difference= \$611, 862) by providing additional dollars from the Perpetual Base Fund.² Additionally, CWCB will evaluate over the course of the pilot period whether it is feasible to annually allocate \$3M to WSRF beyond FY24.

As part of this pilot, the CWCB seeks to bring new money to PEPO efforts in each basin and offer funding for statewide collaborative education and outreach. This meets an ongoing identified need from the basin roundtables by almost quadrupling the amount of money PEPO liaisons can typically receive in a year (currently \$6,500/year) and also helps fund statewide initiatives. The latter may include things like statewide surveys, shared basin infographics, multi-purpose educational videos, or similar efforts that are supported by the CWCB and PEPO liaisons.

Breakdown of WSRF and Education Funding During the Pilot Period

Of the \$3M made available each year the funds would be divided as follows:

¹ The amount of money in the WSRF Statewide Account will go down after the December 1 match request requests are approved by the board in March of 2022.

² As with the total amount available in the WSRF Statewide Account, the difference CWCB will have to put into WSRF to reach the \$9M target will increase.

- \$2.7M/year would be targeted to basin roundtables through the existing WSRF fund. This results in an annual allocation of \$300,000/year to each roundtable. The revised WSRF Criteria and Guidelines are shown in attachment A.
- \$300,000/year would be used to support a new Public Education Participation and Outreach (PEPO) Grant Program. The PEPO Grant Program would make up to \$25,000 available annually to each of the nine basin roundtables to support a single contract with a PEPO coordinator who would support both CWCB (to a lesser extent) and the basin roundtables (to a greater extent) with time and materials. The remaining \$75,000/year (or greater if basins do not expend their annual PEPO allotment) would remain in the PEPO Grant to fund education and outreach projects of statewide significance that support a majority of the roundtables and the CWCB in meeting collaborative education and outreach goals. The new PEPO Grant Criteria and Guidelines are shown in attachment B.³

Caps on Carryover Dollars in the WSRF Basin Accounts

A \$750,000 maximum carryover amount (a basin cap) is being instituted to help:

1. Encourage basin spending especially in light of stimulus dollars that need to be approved by the CWCB board by the May 2023 board meeting.
2. Maintain a larger pool of money in the reinvisioned statewide account reservoir.
3. Mimic the opportunity under the existing statewide account process where basins who spend more can get more money.

Fund balances may be carried from year-to-year, but the total balance for each basin will not exceed a basin cap of \$750,000. If a disbursement were to cause a basin account to exceed \$750,000, the disbursement would go into the account up to the cap of \$750,000, then the remainder of the disbursement would be reallocated evenly amongst the other basins that remain under the cap. This means basins could get more than their \$300,000 allocation, if one or more basins have reached their cap. If all basin accounts are at the \$750,000 limit or the disbursement causes basins to reach the cap, any remaining dollars would revert back to the Statewide Account. As noted, the Statewide Account will now act as more of a savings account to store dollars which will be used to fund basin distributions in the following year(s).

Effective Date, Legacy Statewide Applications and Fund Distribution Date

CWCB staff propose the effective date of the WSRF Criteria and Guidelines be January 1, 2022.

Ensuring spending from the WSRF Statewide Account stops after the December 1, 2021 deadline (to be heard at the March Board meeting) helps safeguard the Statewide Account balance so there is a known amount that can be used to shore up the basin funds over the pilot period.

Effectively, this means the December 1, 2021 application deadline will be the last opportunity to apply for statewide funds. This change will NOT impact the status of any legacy applications that are submitted by the December 1, 2021 deadline and those applications will still be heard at the March board meeting. This will be explained clearly on the WSRF webpage when the new criteria and guidelines are posted. CWCB staff believe posting the new guidelines will allow applicants to prepare with a clear understanding of new criteria, leading to less confusion for would-be grant applicants and roundtables.

Monthly submittals of basin roundtable WSRF grants would not change based on the proposal - the same monthly schedule for when grants are submitted and are heard will carry over from the last criteria and guidelines (with the exception of the statewide account being removed). Posting the new WSRF Criteria and Guidelines does not impair the basins' ability to approve WSRF grants at their regularly scheduled

³ PEPO Grant funds would also be capped at a maximum carryover of \$750,000 per year. Unspent PEPO funds (\$24,999) in any year, revert back to the larger grant fund and cannot be carried over from year to year.

meetings. However, basins will not receive the initial \$300,000 distribution until the start of the upcoming fiscal year.

Responsible Stewardship of Stimulus Funding

In FY21, under the existing WSRF system, the \$5M in stimulus funds allocated to the WSRF program was divided 36% to basin accounts (\$1.8M or \$200,000 per basin) and 64%, or \$3.2M, to the statewide account. These stimulus funds must be approved for distribution by the CWCB Board by the end of FY23 (effectively by the May 2023 CWCB board meeting).

To steward stimulus dollars through CWCB programs effectively, the \$200,000 in stimulus that was distributed to basins in FY21 is being spent before spending any other balance in basin accounts (e.g. a “last money in, first money out” approach). CWCB is tracking those funds to ensure stimulus dollars have the best opportunity for being fully utilized by the May 2023 board meeting.

This proposal will use stimulus dollars to fund the initial distribution of \$3M to basins in FY22 (\$300,000 per basin) and again in FY23 (\$300,000 per basin). This allows the roundtables to advance projects every month and moves these stimulus funds out quickly to hit their deadlines, rather than waiting, under the current system, for the biannual statewide match opportunities.⁴

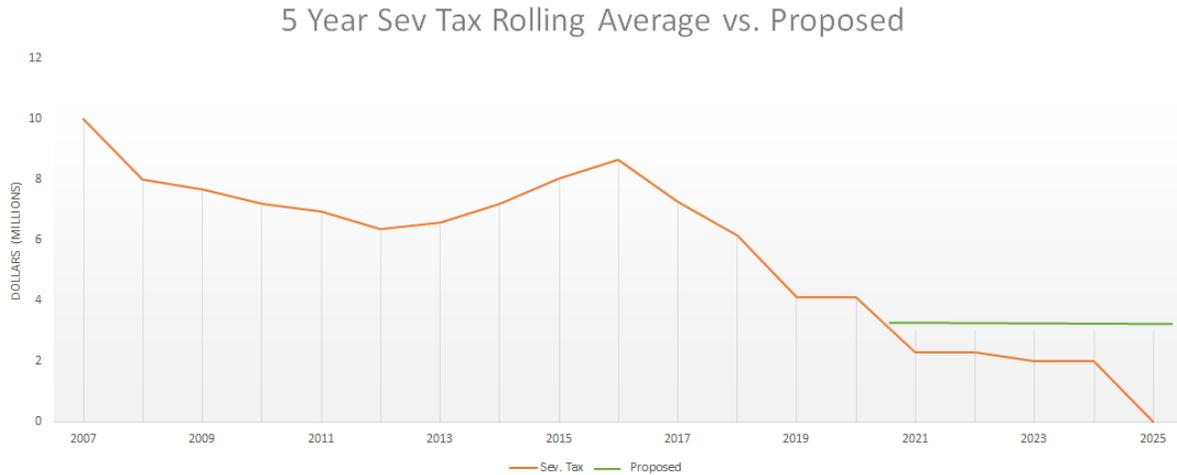
Better than Zero: The No Action Alternative vs. Historic Spending Levels

As noted above, taking no action could leave the WSRF grant program with the potential for uncertain and/or dwindling funding levels going forward. This could reduce the ability for roundtables to buy-in on critical projects that have just been identified through the Basin Implementation Plan Updates and diminish the basins’ ability to fund aging infrastructure projects that can be uniquely funded out of WSRF but are not allowed under other CWCB grants (although CWCB Loans are an option). This proposal will keep a set amount of money in the WSRF program allowing the roundtables to strategically plan for and direct funds to such projects. The proposed pilot program provides a clear formula for allocating funding through mid-2025 to stabilize the WSRF program and offer certainty to the roundtables (or potentially longer if the pilot is successful).

Additionally, as shown in Figure 1, the proposed pilot program offers slightly higher annual funding compared to the historical 5-year rolling average of what basins traditionally spend out of their basin accounts (\$265,000/year per basin) and what basins have received for PEPO support (\$6,500/year per basin). In fact, \$300,000 and an additional \$25,000 for PEPO annually amounts to \$53,000 more in investment each year than basin grant funds have traditionally supported.

⁴ Any final WSRF statewide match requests that are approved by the board in March, 2022 would be pulled from stimulus funds first.

Figure 1



That said, when combining statewide account and basin account spending, the amount basins will be receiving roughly half the amount they have historically spent on a 5-year rolling average. What this means is that basins will have to be strategic about which projects they choose to fund out of basin accounts and which they push towards Water Plan Grants.

Loss of Statewide Match and Water Plan Grant Offset

Funding will continue to flow into Water Plan Grants from the projects bill and, starting in FY22, from funds associated with Proposition DD (sports betting). The stability of Water Plan Grant funding and the reduced match requirements for planning grants, make Water Plan Grants a viable alternative for basins who want to conserve WSRF funds for bigger projects or prioritize efforts like aging infrastructure, which can only be funded out of WSRF.

Supporting Outreach Efforts Around Proposed Changes

A list of outreach efforts to explain the proposed changes and collect input follow:

- **Initial Meetings** - In September 2021, CWCB staff conducted individual meetings with various stakeholders across the state to provide input on the proposed changes. The input was unanimously favorable but input that this be rolled-out as a pilot guided staff's three-year recommendation.
- **CWCB Finance Committee Meeting** - Staff also presented to the CWCB Board at the Finance Committee meeting on September 14, 2021 and received favorable feedback.
- **PEPO Presentation** - Staff presented the suggested changes to the Public Education, Participation and Outreach liaisons including Interbasin Compact Committee (IBCC) PEPO lead, Lisa Darling.
- **WSRF Review Committee /IBCC Representative Calls** - Staff scheduled one-on-one meetings with the three Interbasin Compact Committee members (Joanne Fagan, Stan Cazier and Aaron Citron) who, along with CWCB Board members (Director Anderson, Director Dutton and Director Brown) are on the WSRF review committee. This is consistent with legislation that requires WSRF Criteria and Guidelines changes the CWCB Board makes to be done in consultation with the IBCC. Suggestions were discussed and edits were addressed.

- WSRF Review Committee Criteria and Guideline Update Review - Staff coordinated with the full WSRF Review Committee, sharing the draft Guidelines, and collected suggested edits and responded to concerns.
- IBCC Meeting - Given the significant nature of these changes, CWCB staff presented to the IBCC at their October 21, 2021 meeting and received no comments.
- All Chairs Meeting - Staff presented details at an All Chairs meeting on November 2, 2021.

Additional Outreach Upon Approval

The changes being suggested are necessary to keep the roundtables supported with a consistent and known level of funding they can count on and plan for. However, these changes are significant and represent a big shift from what roundtables are used to. To help roundtables manage this shift, CWCB staff will present the changes to each roundtable to make sure all the roundtable members and, specifically, the WSRF coordinators understand these changes.

ATTACHMENT A - PROPOSED WSRF CRITERIA & GUIDELINE UPDATES 11/21



Water Supply Reserve Fund Grant Program 2022 Grant Guidelines

Grant Guidelines

Introduction

Legislation and Authority

Senate Bill 06-179, adopted by the 2006 General Assembly, created the Water Supply Reserve Account, now called the Water Supply Reserve Fund (WSRF) per SB13-181. The WSRF grant program is subject to amendment by the legislature - most recently by SB21-281. The WSRF Criteria and Guidelines (guidelines hereafter) are also subject to review and revision at the discretion of the CWCB Board.

While roundtables recommend WSRF grants for approval to the board and while the Interbasin Compact Committee (IBCC) is consulted on guideline changes, CWCB has the sole discretion to establish the WSRF guidelines and the CWCB is the ultimate approver of any WSRF grants which are recommended for approval and moved to the board for consideration. Additional requirements cannot be imposed on the CWCB by a local public body or other entity. Guidelines or other requirements are set by the CWCB and can only be amended by the CWCB or the state legislature. This document establishes the criteria and guidelines developed by the CWCB. In approving grants from the WSRF, the CWCB will apply the criteria and guidelines described in this document.

Intended Use and Contracting

WSRF funds are to be used to fund water activities within any designated roundtable on a competitive basis based on the eligibility requirements and the evaluation criteria outlined in this document. Grant funds can be used to fund projects, studies or other planning efforts but cannot be used to hire consultants directly - all contracts are with the State of Colorado and are managed and reportable to the CWCB.

Severance Tax Variability

Applicants should be aware that many variables will impact funding levels, including Severance Tax. This impacts the amount of money coming into the CWCB from Severance Tax to fund things like the WSRF program.

Alternatives to WSRF Grant Funding

WSRF grant funds as match funding for a Water Plan Grant may not be approved unless prior written approval from CWCB staff has been secured in advance of the application submission.

Stabilized Funding and Annual Basin Account Distribution

To fund WSRF grants, a Basin Account was established and annual allocations are distributed equally, unless otherwise noted, across the nine (9) basin roundtables. The CWCB tracks distributed funds by basin and monitors ongoing balances and expenditures. The CWCB also manages a statewide account.

- *Statewide Savings Account*
To provide stability, the Statewide Account (previously used for match) is now operated by CWCB as a savings account which is used to fill up each basin's annual distribution and help reduce the impacts of severance tax variability which has had no disbursement to WSRF in recent years. Balances held in the statewide account act to provide a reservoir of funds which can make annual releases to the Basin Account.
- *Basin Disbursement, Tracking and Cap*
Pending severance tax funding availability and annual board review and approval, the CWCB aims to target a distribution of \$300,000 to each basin annually. Fund balances may be carried from year-to-year but the total balance for each basin will not exceed a basin cap of \$750,000. If a disbursement were to cause a basin account to exceed \$750,000, the remainder of the disbursement would be reallocated evenly amongst the other basins that remain under the cap. If all basin accounts are at the \$750,000 limit or the disbursement causes basins to reach the cap, any remaining dollars would revert back to the Statewide Account, which now acts as more of a savings account to store monies which can be used to fund basin distributions in the following year(s).

Eligible Applicants include:

- *Governmental Entities*
Governmental entities include municipalities, districts, enterprises, counties, and State of Colorado agencies. Federal agencies are encouraged to work with local entities. Covered Entities as defined in Section 37-60-126, C.R.S., are eligible if the applicant has adopted an approved Water Efficiency Plan.
- *Private Entities*
Private entities include mutual ditch companies, non-profit corporations, and partnerships, etc.

Eligible Project Examples

Examples of eligible projects and activities:

- Technical assistance regarding permitting, feasibility studies, and environmental compliance.
- Studies or analysis of structural, programmatic, consumptive, and non-consumptive water projects or activities.
- Design of structural projects or activities. Infrastructure replacement or maintenance projects.
- Activities that promote education, outreach, and innovation consistent with the mission and goals of the Colorado Water Plan.

Matching Fund Requirements

WSRF Grant requests require matching funds. A minimum of 25% match is required for all WSRF projects. Greater weight may be given to projects with a higher match. Project costs may consist of a combination of in-kind and cash match. Applicants should identify matching funds as either pending or

secure and provide evidence of those matching funds (such as an award letter). Matching funds must be secured within one year of the application date and prior to contracting.

Non-CWCB matching funds include state agencies such as Great Outdoors Colorado (GOCO), Colorado Parks and Wildlife (CPW) funding, and other state and/or federal agencies. CWCB loans are also considered matching funds. All other funding sources within the control of the CWCB Board and its Director are considered CWCB funds.

Cash Match:

Actual expenditures paid directly with cash funds (based on contractual arrangements) from the grantee to a vendor. Examples are supplies, services, and necessary equipment purchase or rental.

In-Kind Match:

In-kind match includes services and labor provided by the paid staff of the grantee to perform all or part of the approved project scope of work, including necessary project administration. This can include standard direct and indirect personnel fringe benefits. Volunteer services provided at no cost to the applicant by firms or individuals consistent with the approved scope of work will be valued for in-kind match at local prevailing wage rates. Project specific land acquisition or access agreement costs may also be claimed as in-kind contributions and credited against the minimum requirement. Costs that CAN NOT be considered include: general organization operating costs such as utilities, operating supplies and services, amortized costs or rental costs for buildings and equipment used for the general operation of the organization, and general property and liability insurance costs, nor will overhead percent charges to cover such items be allowed. These business expenses are NOT reimbursable costs and may not be claimed as matching contributions.

Past Expenditures:

Recognizing the limited resources of some entities, past expenditures directly related to the water activity may be considered as matching funds if the expenditures occurred within 9 months of the execution date of the contract or purchase order between the applicant and the State of Colorado.

Application Process

Applicants should contact the applicable roundtable and CWCB staff early in the process, several months (6 - 12 months) before the applicant would like to begin the project to ensure they can be placed on roundtable agendas and consult with WSRF coordinators at CWCB and roundtable level early in the process.

Applicants must upload application documents into the CWCB Grants & Loan Portal (portal). Application forms are available on the CWCB website (<https://cwcb.colorado.gov>) under Loans and Grants. Basin WSRF coordinators will evaluate the application from the portal using the roundtable's process. The roundtable will determine if the application meets the eligibility requirements described in this document, including the requirements for matching funding. If the application is recommended for approval, the roundtable will submit a written recommendation to the CWCB signed by the Roundtable Chair through the portal. The letter of recommendation must specify the amount of grant funding requested from the Basin Account and describe how the water activity meets Basin Implementation Plan goals. The letter should describe the level of agreement among roundtable members, who opposed the application and why, and any minority opinion..

Applicants should include at a minimum the following documents:

- Completed Application through the CWCB Grants & Loan portal
- Upload a Word version of Exhibit A (Statement of Work)
- Upload Engineer's estimate of probable cost for construction projects over \$100,000

- Upload the Exhibit B Budget & Schedule A detailed budget must be provided in Excel
- Upload Maps to the grants portal (if applicable)
- Upload Letters of Commitment (matching funds) as PDFs
- Upload Photos or drawings as PDFs
- Upload a Letter of Approval from the Roundtable Chair or check that the Standard Approval

Applicants should confirm that the documentation in the grants and loan portal correctly captures the chair's approval of their project (submitted by the Basin Chair via the grants portal).

Evaluation Criteria

The proposed water project shall be evaluated using the WSRF Guidelines and the criteria for state support in Colorado's Water Plan. In general, the proposal will be evaluated on how well it aligns with the respective Basin Implementation Plan(s). Preference is given to projects that have multiple benefits, multiple purposes and involve multiple stakeholders. Consideration is also given to the timing of projects with priority given to projects with an earlier start date.

The CWCB's review and approval process will include the following steps:

- Following a Roundtable recommendation for approval, CWCB staff will determine if the required documentation has been submitted. The application will be accepted once all documentation has been received.
- CWCB staff and a committee of subject matter experts will evaluate the application based on the criteria described in this document and notify the CWCB Board member representing the corresponding basin.
- CWCB staff will prepare a Water Activity Summary Sheet for the Board, or the CWCB Director based on the grant amount requested per CWCB Policy 25, that contains the application, the required documents and optional documents listed above, and an explanation of the staff's recommendation for Board/Director action.
- CWCB staff will notify the applicant of the staff's recommendation and of the date and time when the Board will consider the application. While CWCB staff has primary responsibility for presenting the recommendation to the Board, the applicant is welcome to attend the meeting to address the Board and may offer comments during the opportunity for public comment.
- Upon Board approval of the applicant's request, funding can only be used on project components that begin after a grant contract is executed by the Office of the State Controller.
- Successful applicants are expected to execute a contract with CWCB within six (6) months of award.

Initial CWCB Review of Grant Applications

After thorough evaluation, CWCB staff will recommend applicable projects to the CWCB Board or CWCB Director for approval of grant funding during regularly scheduled Board meetings. The CWCB reserves the right to negotiate with applicants to modify the scope and/or budget of a project to ensure it aligns with procurement rules, enhances the quality of the projects, and/or better aligns with state planning documents. The latter include subsequent statewide water supply initiative (SWSI) updates like The Analysis and Technical Update to the Colorado Water Plan (Technical Update), the Basin Implementation Plans, and the Colorado Water Plan.

Documents Required for Contract Execution

- Insurance Certificate of Liability (Government entities excluded)
- Secretary of State - Certificate of Good Standing
- W-9 Taxpayer Identification number and certification
- Electronic Funds Transfer (preferred)

CWCB Review Schedule:

The CWCB will make decisions for approving or denying the allocation of WSRF during any of its scheduled meetings. The table below lists the submittal deadlines for the respective Board meetings.

Table 1: WSRF Submittal Dates and Board Meeting Schedule

CWCB Board Meeting	WSRF Submittal Date
January	October 1
March	December 1
May	February 1
July	April 1
September	June 1
November	August 1

Grant Administration

Contracting:

After approval of funding, CWCB staff will direct the applicant to revise and supplement submitted documents if required for issuance of a purchase order or execution of a contract. Grants less than \$100,000 will be implemented through a purchase order. Grants for \$100,000 or more will require additional time to execute a state grant contract.

Successful applicants are expected to execute a contract with CWCB within 6 months of award. If a grant contract is not executed within this timeframe, CWCB staff may return the funds back to the appropriate funding category if adequate progress is not made. For contracts related to easements (e.g. Conservation easements) CWCB staff may require additional processing time. If a grant is not executed within this six (6) month time frame due to applicant delays, staff may revert funds back to appropriate accounts, after consulting with the respective roundtable(s).

Reporting Requirements:

Progress Reports: The applicant shall provide the CWCB progress reports every 6 months, beginning from the date of issuance of a purchase order, or the execution of a contract. The progress report shall describe the status of the tasks identified in the statement of work, including a description of any major issues that have occurred and any corrective action taken to address these issues. The CWCB may withhold reimbursement until satisfactory progress reports have been submitted.

Final Report:

At completion of the project, the applicant shall provide the CWCB a Final Report on the applicant’s letterhead that:

- Summarizes the project and how the project was completed.
- Describes any obstacles encountered, and how these obstacles were overcome.
- Confirms that all matching commitments have been fulfilled.
- Includes photographs, summaries of meetings and engineering reports/designs.

The CWCB will withhold disbursement of the last 10% of the budget until the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the purchase order or grant will be closed without any further payment.

Payments:

Payment will be based on actual expenditures invoiced by the grantee. Payments are limited by the proportionate grant percentage of the overall project. The request for payment must be transmitted on the grantee's letterhead, and shall include:

- Date of request
- Grantee's contact name, email address, physical address, and phone number
- Contract or purchase order number
- Description of the work accomplished by major task as presented in the approved budget * & estimate of the percent completion for individual tasks and the entire water activity in relation to the percentage of budget spent
- Supporting documentation for items or services billed

**This may be utilized in lieu of a 6 month Progress Report if adequate detail is provided. Contact the Project Manager to determine if your project qualifies for this option.*

Grant Amendments:

Grants may be amended as appropriate, including modifications to Exhibit A, Statement of Work, Budget, and Schedule; purchase order or contract extensions; and Change of Grantee. All amendment requests shall be submitted on the grantee's letterhead, and shall include:

- Date of request; Grantee's contact name, email address, physical address, and phone number; Roundtable that recommended the grant; Date of CWCB approval;
- Contract or purchase order number and current expiration date; Rationale for amendment;
- **Revised Tasks** - CWCB Program Manager approval required; Revised Exhibit A (Statement of Work and Budget/Schedule Table);
- **Extension to Terms** - Revised Exhibit A, Schedule (B, C, etc.) with desired expiration date;
- **Request for Change of Grantee** - A signed Letter of Request shall be accompanied by (when applicable): a revised Statement of Work, Budget, and Schedule (proposed new Grantee); a letter drafted by current Grantee requesting the release; a letter drafted by proposed Grantee accepting grant obligations and responsibilities; and an updated Certificate(s) of Insurance for the proposed new Grantee. Requests for Change of Grantee must be presented and approved by the CWCB Board.

Amended documents for grant extension requests shall be delivered to CWCB 30 days prior to the current expiration date of purchase orders and 90 days prior to expiration of a contract.

ATTACHMENT B - PEPO GRANT PROGRAM CRITERIA & GUIDELINES 11/21



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

Public Education Participation and Outreach Grant Program 2022 Criteria & Guidelines

Legislation and Authority

The Colorado Water Conservation Board (CWCB) has authority to transfer funds out of the Perpetual Base Fund to the Water Supply Reserve Fund (WSRF). When Senate Bill SB 21-281 restructured severance tax distributions, the CWCB opted to dedicate a portion of the statewide account funds to better support the roundtables' Public Education Participation and Outreach (PEPO) liaisons in each of the basins and to support some larger statewide CWCB and PEPO led initiatives. The resultant Public Education Participation and Outreach Grants were developed for this purpose and are approved annually by the CWCB Board.

Intended Use

PEPO Grants establish a funding mechanism for the CWCB to provide monies for coordinated PEPO efforts across the state. Funds can be used for PEPO efforts including supporting basin coordinators and/or statewide initiatives.

Severance Tax Variability

Applicants should be aware that many variables will impact funding levels, including the availability of Severance Tax funding.. This may impact the amount of money coming into the CWCB to fund PEPO grants.

Account Distribution

Funding for the PEPO Grants are divided into two annual funding opportunities as follows:

- **Statewide Initiatives:**
Up to \$75,000 annually will be made available, unless otherwise determined by the CWCB, for PEPO Statewide Initiatives to pay for statewide or multi-basin outreach activities or studies consistent with the mission and goals of PEPO, the Colorado Water Plan, or CWCB Staff. These efforts include but are not limited to advancing a single statewide effort, developing new initiatives of statewide importance, funding statewide awareness surveys, and developing education campaigns that can support awareness efforts across the state. These efforts must demonstrate multi-basin support and must be aligned with CWCB priorities.
- **Basin Coordinator:**
Each basin may support an organization or individual to apply for grant funding of up to \$25,000 to fund a single PEPO Coordinator, unless otherwise stated by the CWCB. The PEPO coordinator's primary task will be to coordinate with CWCB and the Basin Roundtable(s) in PEPO activities. This includes coordinating with CWCB prior to roundtable meetings and at up to three regular meetings per year in order to have the most up to date information on coordinated outreach efforts and grant fund balances. The predominance of the Basin

Coordinators time will go to the development of the design and implementation of water education activities in the basin that promote education, outreach, and innovation consistent with the mission and goals of the Colorado Water Plan, Basin Implementation Plans and the respective Basin Education Action Plans. Additionally, PEPO coordinators should identify how they can support related roundtable outreach and awareness efforts with regards to grants and open meetings.

- Basin roundtables that do not have applicants submitting for the PEPO Basin Coordinator funds within a given fiscal year will forfeit their basin funds for the fiscal year and those funds will revert to the PEPO Grant Program to be used for Statewide Initiatives.

Eligible Applicants include:

- *Governmental Entities*
Governmental entities include municipalities, districts, enterprises, counties, and State of Colorado agencies. Federal agencies are encouraged to work with local entities. Covered Entities as defined in Section 37-60-126, C.R.S., are eligible if the applicant has adopted an approved Water Efficiency Plan.
- *Private Entities*
Private entities include individuals, non-profit organizations, corporations, and partnerships, etc.

Eligible Project Examples

Examples of eligible projects and activities are broken down by category below:

- Statewide Initiatives examples include statewide water awareness surveys, statewide water education campaigns, statewide water education materials, statewide education related to the Colorado Water Plan.
- Basin Coordinator funds apply exclusively to the entity awarded the grant. The awardee does not have to be the basin roundtable's appointed PEPO liaison or a member of the roundtable. The awarded funds may be distributed to subcontractors to complete the tasks within the relevant scope of work if identified in the application. Applicants may include a mix of time and materials. Because grants are awarded competitively, it is possible for more than one entity to apply for these funds, however, only one entity will be selected per basin based on the level of completeness and merits of their application, including evaluating if there is a letter of support from the basin roundtable.

Matching Fund Requirements

All PEPO Grant requests require matching funds. A minimum of 25% match is required for PEPO grants, which may consist of in-kind or cash match or any combination of the two. For in-kind matches, cost breakdown of hourly rates and hours counted toward in-kind time must be provided. Applicants should identify matching funds as either pending or secure and provide evidence of those matching funds (such as an award letter). Matching funds must be secured within one year of the application date and prior to contracting.

Non-CWCB matching funds include funds from state agencies such as Great Outdoors Colorado (GOCO), Colorado Parks and Wildlife (CPW) funding, and other state and/or federal agencies. All other funding sources within the control of the CWCB Board and its Director are considered CWCB funds.

Cash Match:

Actual expenditures paid directly with cash funds (based on contractual arrangements) from the grantee to a vendor. Examples are supplies, services, and necessary equipment purchase or rental.

In-Kind Match:

In-kind match includes services and labor provided by the paid staff of the grantee to perform all or part of the approved project scope of work, including necessary project administration. This can include standard direct and indirect personnel fringe benefits. Volunteer services provided at no cost to the applicant by firms or individuals consistent with the approved scope of work will be valued for in-kind match at local prevailing wage rates. Project specific land acquisition or access agreement costs may also be claimed as in-kind contributions and credited against the minimum requirement. Costs that CAN NOT be considered include: general organization operating costs such as utilities, operating supplies and services, amortized costs or rental costs for buildings and equipment used for the general operation of the organization, and general property and liability insurance costs, nor will overhead percent charges to cover such items be allowed. These business expenses are NOT reimbursable costs and may not be claimed as matching contributions.

Application Process

Applicants should review applicant eligibility, application, contracting, and reimbursement, and grant amendment information below.

Applicants must submit application documents directly to the CWCB's grant coordinator and/or education and outreach specialist by the deadline specified below. The CWCB will evaluate all grant applications based on the evaluation criteria listed below.

Evaluation Criteria

Applications will be scored based on the following criteria:

- **Statewide Initiatives:**
 - Does the applicant demonstrate broad statewide applicability of the project?
 - Does the applicant demonstrate multi-basin support?
 - Does the applicant demonstrate project aligns with CWCB priorities?
 - Does the applicant demonstrate the project aligns with the Colorado Water Plan and Basin Implementation Plans?
 - Does the project demonstrate that it is working to educate or outreach to a broad range of Coloradans from diverse backgrounds and make appropriate accommodations to do so (e.g. closed captions, translation, etc)?
 - Does the applicant demonstrate that they are targeting an identified need or gap?

- **Outreach Coordinator:**
 - Does the applicant have a letter of support from the roundtable?
 - Does the applicant's scope demonstrate that they will support education and outreach goals identified in the Colorado Water Plan and the basins' Basin Implementation Plan?
 - Does the applicant's scope include time for coordinating with CWCB at regularly scheduled meetings (up to 3 times a year), through email and regular coordination prior to roundtable meetings?
 - Does the applicant's scope include supporting the basin roundtable recorder?
 - Does the applicant's scope of work include a strategy for helping promote CWCB grant opportunities and facilitating the advancement of basin-identified planning projects?
 - Does the applicant's scope of work include submitting a final report with metrics on the number of outreach events, number of attendees and estimated impact of any education and outreach activities?

- Does the applicant lay out a detailed scope, budget, and timeline for activities and/or materials?

Initial CWCB Review of Grant Applications

After thorough evaluation, CWCB staff will recommend applicable requests to the CWCB Director or Board for approval per CWCB’s Policy 25. The CWCB reserves the right to negotiate with applicants to modify the scope and/or budget of a project to ensure it aligns with procurement rules, enhances the quality of the projects and/or better aligns with state planning documents that include statewide water supply initiatives like the Analysis and Technical Update to the Colorado Water Plan (formerly Statewide Water Supply Initiative), Basin Implementation Plan educational initiatives, and the Colorado Water Plan.

Documents Required for Contract Execution

- Insurance Certificate of Liability (Government entities excluded)
- Secretary of State - Certificate of Good Standing
- W-9 Taxpayer Identification number and certification
- Electronic Funds Transfer (preferred)

CWCB Review Schedule:

The table below lists the submittal deadlines for PEPO grants that exceed \$25,000. PEPO grants under \$25,000 (all Basin Coordinator grants) can be approved by the CWCB Director at any time, and will not go before the CWCB Board per Policy 25. For all other grants above \$25,000 (Statewide Initiatives) the application deadlines are below:

Table 1: Estimated Approval Schedule for Statewide Initiatives that exceed \$25,000.

Application Submittal Date	Final Board Approval
July 1	September
December 1	March

Grant Administration

Reporting Requirements:

Progress Reports: The applicant shall provide the CWCB a brief progress report every six (6) months describing the status of the tasks identified in the statement of work, including a description of any major issues that have occurred and any corrective action taken to address these issues. The CWCB may withhold reimbursement until satisfactory progress reports have been submitted.

Progress Reports and Final Deliverables:

All grants require a short six (6) month progress which should, at minimum, summarize project progress to date, any obstacles encountered and a summary of any tracked metrics. In addition to the required six (6) month progress reports, final deliverables must be provide to CWCB upon completion of the projects as noted below:

Statewide Initiatives Fund:

At completion of the project, the applicant shall provide the CWCB a Final Report on the applicant’s letterhead that:

- Summarizes the project and how the project was completed.
- Describes any obstacles encountered, and how these obstacles were overcome.

- Include metrics including but not limited to the number of people engaged/informed, participants in meetings, surveys, or other outreach and education activities.
- Confirms that all matching commitments have been fulfilled.
- Includes photographs, summaries of meetings and reports/designs.

Outreach Coordinator Fund:

- Summarizes the work from the scope that was completed.
- Provides metrics on the number of outreach events, number of attendees and estimated impact of any education and outreach activities (this report will replace the Education Action Plan)
- Describes any obstacles encountered, and how these obstacles were overcome.
- Identifies priority tasks for the next year's basin outreach work based on work completed over the last year.

The CWCB will withhold disbursement of the last 10% of the budget until the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the purchase order or grant will be closed without any further payment.

Waivers:

The CWCB may allow a waiver for the 25% match requirement. To obtain a waiver, the applicant must: 1) demonstrate that the matching requirement imposes a significant financial hardship on the applicant; and 2) obtain written approval from the CWCB.

Payments:

Payment will be based on actual expenditures invoiced by the grantee. Payments are limited by the proportionate grant percentage of the overall project. The request for payment must be transmitted on the grantee's letterhead, and shall include:

- Date of request
- Grantee's contact name, email address, physical address, and phone number
- Contract or purchase order number
- Description of the work accomplished by major tasks as presented in the approved budget.* This should include an estimate of the percent completion for individual tasks and the entire water activity in relation to the percentage of budget spent
- Supporting documentation for items or services billed

**This may be utilized in lieu of a six month Progress Report if adequate detail is provided. Contact the Project Manager to determine if your project qualifies for this option.*

Grant Amendments:

Grants may be amended as appropriate, including modifications to Statement of Work, Budget, and Schedule; purchase order or contract extensions; and Change of Grantee. All amendment requests shall be submitted on the grantee's letterhead, and shall include:

- **Key Information** - Date of request; Grantee's contact name, email address, physical address, and phone number; Roundtable that recommended the grant; Date of CWCB approval;
- Contract or purchase order number and current expiration date; Rationale for amendment;
- **Revised Tasks** - CWCB project manager approval required; Revised Statement of Work and Budget/Schedule Table;
- **Extension to Terms** - Revised Statement of Work and Budget/Schedule Table, Schedule with desired expiration date;
- **Request for Change of Grantee** - A signed Letter of Request shall be accompanied by (when applicable): a revised Statement of Work, Budget, and Schedule; a letter drafted by current Grantee requesting the release; a letter drafted by proposed Grantee accepting grant obligations

and responsibilities; and an updated Certificate(s) of Insurance for the proposed new Grantee. Requests for Change of Grantee must be requested and approved by the CWCB project manager.

Amended documents for grant extension requests shall be delivered to CWCB 30 days prior to the current expiration date of purchase orders and 90 days prior to expiration of a contract.