

**COLORADO**Colorado Water
Conservation Board

Department of Natural Resources

Colorado Water Conservation Board

Water Plan

Water Project Summary

Name of Applicant	Conservation Resource Center
Name of Water Project	Private Lake and Reservoir Protection Initiative: Using Conservation Easements & Tax Credits to promote State Water Plan and Private Land Conservation Goals in the Arkansas, Rio Grande, and South Platte Water Basins
Grant Request Amount	\$78,000.00
Primary Category	\$78,000.00
<i>Watershed Health & Recreation</i>	
Total Applicant Match	\$15,000.00
<i>Applicant Cash Match</i>	
<i>Applicant In-Kind Match</i>	\$15,000.00
Total Other Sources of Funding	\$16,000.00
<i>Keep It Colorado</i>	\$15,000.00
<i>Colorado Natural Heritage Program</i>	\$1,000.00
Total Project Cost	\$109,000.00

Applicant & Grantee Information

Name of Grantee: Conservation Resource Center
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Grant Management Contact - Alternate: Debra Pentz
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Description of Grantee/Applicant

The Conservation Resource Center (CRC) is a Colorado 501(c)(3) nonprofit organization that has supported voluntary private land conservation for over twenty years. CRC provides project planning, support, guidance and policy recommendations related to Colorado conservation easement and tax credits. CRC also established the

market for Colorado's tax credit transfer program and as such, is well-positioned to spearhead this collaborative planning process that will result in shoreline protection and channelling millions of dollars of tax credits earned into the Arkansas, Rio Grande, and South Platte water basins.

Type of Eligible Entity

- ☐ Public (Government)
- ☐ Public (District)
- ☐ Public (Municipality)
- ☐ Ditch Company
- ☐ Private Incorporated
- ☐ Private Individual, Partnership, or Sole Proprietor
- ☒ Non-governmental Organization
- ☐ Covered Entity
- ☐ Other

Category of Water Project

- ☐ Agricultural Projects
Developing communications materials that specifically work with and educate the agricultural community on headwater restoration, identifying the state of the science of this type of work to assist agricultural users among others.
- ☐ Conservation & Land Use Planning
Activities and projects that implement long-term strategies for conservation, land use, and drought planning.
- ☐ Engagement & Innovation Activities
Activities and projects that support water education, outreach, and innovation efforts. Please fill out the Supplemental Application on the website.
- ☒ Watershed Restoration & Recreation
Projects that promote watershed health, environmental health, and recreation.
- ☐ Water Storage & Supply
Projects that facilitate the development of additional storage, artificial aquifer recharge, and dredging existing reservoirs to restore the reservoirs' full decreed capacity and Multi-beneficial projects and those projects identified in basin implementation plans to address the water supply and demand gap.

Location of Water Project

Latitude	40.096100
Longitude	105.083500
Lat Long Flag	Reservoir location: Coordinates based on location of reservoir
Water Source	Area: Lakes and reservoirs throughout the Arkansas, Rio Grande, and South Platte Water Basins. Lat/Long is based on Conservation Resource Center's and Colorado's first water entity Colorado Conservation Easement Tax Credit project, Panama Reservoir.
Basins	Arkansas; Rio Grande; South Platte
Counties	
Districts	

Water Project Overview

Major Water Use Type

Type of Water Project	Planning (e.g. watershed)
Scheduled Start Date - Design	12/1/2022
Scheduled Start Date - Construction	
Description	
This project will:	

1. Support State Water Plan and Individual Water Basin Goals by considering new ways to address old problems through innovative projects and solutions.
2. Add a new revenue stream to help to protect Colorado's private lakes and reservoirs by tapping into Colorado conservation easement credits as recent legislation extended eligibility to reservoir and ditch companies and water conservation districts.
3. Preserve water quality, wildlife habitat, and existing or future recreational opportunities on privately owned lakes and reservoirs by using conservation easements as a protection tool and the up to \$5 million per project tax credits to meet other organizational needs.
4. Broaden and strengthen partnerships among (1) local, state and national land trusts, (2) private water entities, including reservoir/ditch companies, and water conservation districts, (3) Watershed Basin groups addressing watershed health and recreation opportunities, and (4) state agencies such as DPW, CWCB, CWQCC, CDPHE that may share helpful data and mapping layers.
5. Support project drafting and design in a way that land trusts and state certification policies can be met and credits earned once easements donated.
6. Create a reservoir-specific model conservation easement available to use and amend as needed for future projects.
7. Create a Lake and Reservoir owner guide to Colorado Conservation Easement Tax Credits as issues that may arise and need to be addressed are different than traditional easement projects.

The focus of this project is on the South Platte, Arkansas, and Rio Grande Basins. In the future, we will extend it to include the remaining six basins and may request additional funds at that time. If specific water entities/owners have reservoirs/lakes in other basins, we will consider adding them to this project on a case-by-case basis depending on demand.

Measurable Results

New Storage Created (acre-feet)
 New Annual Water Supplies Developed or Conserved (acre-feet), Consumptive or Nonconsumptive
 Existing Storage Preserved or Enhanced (acre-feet)
 New Storage Created (acre-feet)
 Length of Stream Restored or Protected (linear feet)
 Efficiency Savings (dollars/year)
 Efficiency Savings (acre-feet/year)
 Area of Restored or Preserved Habitat (acres)
 Quantity of Water Shared through Alternative Transfer Mechanisms or water sharing agreement (acre-feet)
 Number of Coloradans Impacted by Incorporating Water-Saving Actions into Land Use Planning

Number of Coloradans Impacted by Engagement Activity

Other

This planning project will prepare for the protection of private lakes, reservoirs and shorelines in the Arkansas, Rio Grande, and South Platte Water Basins.

1. It will create a funding stream, through tax credits, for lake and reservoir owners to meet other watershed, reservoir/dam maintenance, habitat and recreation priorities. We anticipate that this project will result in the protection of shorelines & related lands of at least 10 lakes/reservoirs.
2. We anticipate that up to 5,000 acres can be teed up for protection within this project period. These projects may generate up to \$5,000 each in Conservation Easement Tax Credits.
3. In the future, information and expertise developed through this initiative will be share to support a similar initiative in the remaining 6 basins to support additional protection efforts.
4. All Colorado citizens benefit as a result of shoreline protection and preservation of aquatic, migratory bird, and other wildlife habitat. They also benefit from continued and any expanded recreational opportunities. Those in the Arkansas, Rio Grande, and South Platte Basins will live in closest proximity to these benefits.
5. Additional project outcomes include expanded partnerships, model reservoir conservation easement and Lake and Reservoir Owner Guide to Conservation Easements and Tax Credits. Each of these will be documented and shared with CWCB.

Water Project Justification

Colorado is home to more than 2,000 lakes and reservoirs (25% privately owned). These water bodies provide critical drinking and agricultural water supply, habitat, and recreational opportunities for Colorado's citizens and wildlife. The Colorado Water Plan in its Figure 7.3-2, Current Water Quality Conditions, notes that only 28% of these water bodies currently attain standards. 23% do not attain standards and the remaining 49% can't be classified due to insufficient data. Shoreline development can be a significant factor in degradation of water quality, aquatic/terrestrial habitat, and recreational opportunities. Shoreline development clears natural vegetation resulting in potential critical habitat loss, recreational access loss, and loss of wetland areas. It also increases nonpoint source pollution from pesticides, fertilizers, septic systems, and stormwater runoff among other things. Pristine waters can be preserved, and further degradation of other waters prevented by voluntarily eliminating or limiting future shoreline development.

This initiative will prepare interested private lake and reservoir owners (including reservoir and ditch companies, watershed conservation districts and private individuals) to protect shorelines from future development. This project uses Colorado's conservation tax credits as a new financial incentive to private lakes and reservoir owners to promote watershed protection, water quality benefits, habitat preservation, and recreation opportunities in the Arkansas, Rio Grande, and South Platte Water Basins. (This is a land conservation effort and water rights and it is not the intent of this project to in any way restrict water uses and rights.)

To meet these goals we will compile data, create innovative partnerships, offer lake and reservoir-specific conservation easement education and technical assistance, develop site specific mapping of values and benefits, and ready projects for conservation easement donation and certification of state tax credits. Based on a pilot project supporting this initiative, we anticipate that each individual project, depending on acreage, will likely to generate \$5 million in tax credits. We will also work with private lake/reservoir owners (at their sole discretion) to explore current and potential future recreational opportunities and related easements and/or leases and include

this information in our final report. This project will both protect lake and reservoir shorelines and channel a significant new funding stream into water basins to support water entity investment priorities. Priorities might include reservoir and dam facility maintenance, water quality improvements, habitat restoration and/or recreational access and other noted priorities in Water Basin Plans. (Again, tax credit funds are unrestricted and may be used to meet any needs as determined by owners.)

This initiative is timely for three reasons. First, as a result of Conservation Resource Center (CRC) and Keep It Colorado's support of legislative efforts to expand eligibility to claim Colorado's Conservation Easement Tax Credits to water entities (groups listed above), these groups are for the first time eligible to claim credits. Second, the legislation also increased the value of conservation easement tax credits from 50% to 90% of the value of the conservation easement, so the incentive has increased. It is uncertain how long this higher credit valuation will last. Finally, CRC is in the final stages of structuring Colorado's first water entity conservation easement tax credit project, Panama Reservoir. Please see grant attachment, Lakes & Reservoirs Initiative: Panama Pilot Project for additional detail.

Goals of the State Water & Water Basin Plans (Please see grant attachment, Lakes & Reservoirs Initiative: Advancing Water Basin Goals), Water Quality Control Commission, and Colorado Department of Health and Environment among others are advanced by this project. It is also of note that it invests public land conservation dollars in areas of the state that are highlighted as having a high environmental burden through CDPHE's new EnviroScreen mapping (still in beta testing) and have generally received lower levels of this funding. The Department of Parks and Wildlife (DPW) also holds recreational access to many lakes and reservoirs, further supporting the importance of protecting these areas. We will coordinate with DPW when appropriate. This initiative also advances proposed goals of Keep It Colorado's Statewide Private Lands Conservation Plan. This plan is currently under development and has not been finalized, but lakes, reservoirs and streams are expected to be included as high protection priorities.

The Conservation Resource Center (CRC) is uniquely qualified to lead this Private Lake and Reservoir Protection Initiative as a Colorado 501(c)(3) nonprofit that has supported voluntary private land conservation for over twenty years. CRC provides project planning and design, guidance and policy recommendations related to conservation easement donations and tax credits. CRC also established the market for Colorado's tax credit transfer program and as such, is well-positioned to spearhead this collaborative planning process that will result in shoreline protection and channelling millions of dollars of tax credits earned into the Arkansas, Rio Grande, and South Platte water basins.

Related Studies

CO State Water Plan
CO Basin Water Plans
CDPHE report on water quality, 2020
CWQCC goals
DPW State Wildlife Action Plan, 2015
CNHP, Colorado Conservation Data Explorer, 2021
CNHP Colorado Wetland Inventory mapping tool
Keep It Colorado, Statewide Private Lands Conservation Plan (under development - previously funded by CWCB)
Colorado Statewide Comprehensive Outdoor Recreation Plan, 2019
CNHP COMAP, 2018

Taxpayer Bill of Rights

Not applicable.