



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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Jared Polis, Governor

Dan Gibbs, DNR Executive
Director

Rebecca Mitchell CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Amy Ostdiek

DATE: May 16, 2024

SUBJECT: Agenda Item 23: Litigation Fund Request

Staff Recommendation:

CWCB Staff recommends that the Board authorize the expenditure of a total of \$1,992,000 for litigation-related activities in FY 2024-25 as follows:

- 1) Colorado River Basin: \$1,025,00
- 2) Republican River Basin: \$40,000
- 3) South Platte River Basin: \$155,000
- 4) Rio Grande Basin: \$492,000
- 5) Arkansas River Basin: \$280,000

Staff also recommends that the Board: 1) Direct the CWCB Director and staff to expend these funds consistent with the request by the Office of the Attorney General; and, 2) Direct the CWCB Director, CWCB staff, and Office of the Attorney General to comply with the annual reporting requirements as specifically provided for in Section 37-60-121(2.5).

Background:

Section 37-60-121(2.5) of the Colorado Revised statutes provides that the Colorado Water Conservation Board is authorized “to expend...a total sum not to exceed the balance of the litigation fund, which is created for the purpose of engaging in litigation...to defend and protect Colorado’s allocations of water in interstate streams and waters; and to ensure the maximum beneficial use of water for present and future generations by addressing important questions of federal law...”

The Attorney General issues an annual request to the Board for litigation fund authorizations. Adequate funding for the litigation fund is essential to allowing the Office of the Attorney General, State Engineer, and CWCB to prepare for and participate in ongoing and future negotiations and litigation in order to defend Colorado’s rights and apportionments as provided by the compacts.



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STATE OF COLORADO
DEPARTMENT OF LAW

May 03, 2024

Request for Expenditure from Litigation Fund for Fiscal Year 2025
Federal and Interstate Water Unit Legal Expenses

Dear Colorado Water Conservation Board Members:

Section 37-60-121(2.5)(a)(III), C.R.S., authorizes the Colorado Water Conservation Board ("CWCB" or "Board") to expend money from its Litigation Fund, at the request of the Attorney General, for the costs to defend and protect Colorado's allocations of water in interstate streams and rivers. Pursuant to that authorization, I request you approve the expenditure of specific funds from the Litigation Fund for Fiscal Year 2025 ("FY25") to continue our efforts to effectively protect Colorado's interests in the Colorado, Republican, Rio Grande, South Platte, and Arkansas River Basins in the upcoming year. These expenditures, as itemized below, are necessary to participate fully in all processes, including negotiation and litigation, where Colorado's interests in these interstate rivers are implicated.

Previous years' funding requests for work to defend and protect Colorado's interests in these river basins were based on our then-current best estimates of the work required in the upcoming year. Because such work is heavily dependent on court decisions and case and project management practices beyond the control of the attorneys, it is difficult to accurately project the timing of litigation related costs for the entire year. As a result, certain funds authorized for expenditure in a basin in a given year are not always fully expended by the close of that year. This is the case for the funds authorized for all river basins this year. It is anticipated that the funds you authorized for Fiscal Year 2024 ("FY24") will not be fully expended by June 30, 2024.

To reconcile separate accounting by the Department of Natural Resources and Department of Law ("DOL"), we "zero out" the remaining FY24 authorizations and make new requests for each basin for the funds needed in FY25. Below is the estimated reconciliation between funding authorizations and actual expenditures for each basin for FY24, and a discrete funding authorization request for each basin for FY25. Attached to this letter is a summary table of the basins which reflects the FY24 authorization and actual expenditures through April 2, 2024, for personnel,

operating, and contractor expenses in each of the basins. The table also includes estimated expenditures through June 30, 2024, and a separate summary of the funding request for FY25. As the table shows, the FY25 authorizations as outlined in this letter are partially offset by the unexpended funds authorized and carried forward from FY24.

Request for approval of expenditure for the Colorado River Basin

The Colorado River remains the only river basin originating in Colorado that is not over-appropriated in some parts of the basin. To protect Colorado's interests in this basin, Colorado continues to be involved in proactive basin planning investigations, National Environmental Policy Act and Endangered Species Act processes, 7-state and federal negotiations for coordinated reservoir operations, voluntary water conservation programs, drought response operations, compact compliance investigations, Animas La-Plata matters, Upper Basin Fund Memorandum of Agreement implementation, intrastate and multi-state litigations and generally defending the state's allocations of water in the Colorado River system. Such activities require sound legal analysis and detailed technical knowledge to inform decision making.

In May 2023, the Board approved \$480,000 to support legal staff at the DOL. Additionally, the Board authorized an expenditure of \$450,000 for expert consulting work to coordinate ongoing efforts and to inform ongoing legal positions regarding short-term actions to stabilize the Colorado River system, long-term reservoir guideline negotiations, compact compliance investigations, and interstate negotiations. Finally, the Board approved an additional \$90,000 for travel and operating expenses, including the on-going licensing and installation of database software as needed to maintain consistency in managing the Colorado River Basin databases. Actual FY24 expenditures of these funds for DOL are estimated to be \$724,984.62.

For FY25, defending Colorado's allocation of water requires that we remain fully staffed to address the on-going issues in the Colorado River basin, including but not limited to: (1) participating in intra- and inter-state voluntary water conservation programs; (2) implementing the Upper Basin and Lower Basin Drought Contingency Plans; (3) representing Colorado's Commissioner in short-term actions to address the severe drought conditions in the Colorado River basin and participating in the post-2026 river operations negotiations; (4) participating in litigation related to the Glen Canyon Dam Long Term Experimental Plan ("LTEMP") and implementation of the LTEMP; (5) operating of the Aspinall Unit consistent with state law and the 2012 Record of Decision; (6) operating and managing the Animas-La Plata Project; (5) Endangered Species Act and Salinity Control Act considerations; (7) implementing the Upper Colorado River Basin Fund MOA 2; (8) serving as legal members of the Upper Colorado River Commission legal committee; (9) advising on drought response

operations and related DROA Plans, demand management investigations, compact compliance strategies, and water rights administration throughout the basin as it relates to the compacts; and (10) any ongoing or upcoming litigation that could implicate Colorado's interests in the Colorado River system. This significant work requires funds to accommodate possible increases in state benefit requirements and salaries. We also anticipate continuing the contracting work associated with the Upper Basin Drought Contingency Plan, voluntary conservation programs and compact compliance matters within Colorado, and contracts with expert consultants to assist in representation in the post-2026 river operations negotiation. For these reasons, we estimate the need to expend \$600,000 for DOL legal staff, \$300,000 for contract costs, and \$125,000 for travel and operating costs. **To pay for these efforts, we request the Board authorize the expenditure of \$1,025,000 for FY25 for the Colorado River Basin.**

Request for approval of expenditure for the Republican River Basin

For FY 24, the Board approved requests for expenditure of \$105,000 from the Litigation Fund to continue to defend Colorado's use and allocation of water under the Republican River Compact. These funds have paid for negotiation meetings and other expenses related to compact administration among Nebraska, Kansas, and Colorado. They have also paid for expert consultant fees that were than anticipated in preparation for the Republican River Basin Rules trial in Water Court for Water Division No. 1.

Expenditures for Republican River Basin work for FY24 are estimated to be approximately \$21,799.77.

For FY25, continued case work and the work of expert consultants to implement the accounting consistent with settlements and court decisions will be necessary. Moreover, after receiving a favorable ruling from the Water Court in Division No. 1 adopting the compact compliance rules, the DOL will require funds for on-going expert consultant contracts and travel expenses to now implement the compact compliance rules. **To pay for these efforts, we request the Board authorize the expenditure of \$40,000 for FY24 for the Republican River Basin.**

Request for approval of expenditure for the South Platte River Basin

During FY 24, the Unit provided legal services on matters impacting the South Platte River Compact and the Platte River Recovery Implementation Plan. The need for these legal services is expected to continue through FY25. For FY 25, we anticipate the need for legal services and expert consultants, travel, and operating expenses. **To pay for these efforts, we request the Board authorize the expenditure of \$155,000 for FY25 for the South Platte River Basin.**

Request for approval of expenditure for the Rio Grande River Basin

For FY24, the Board approved a request for expenditure of \$590,000 for retaining expert consultants, providing for travel and operating expenses associated with Rio Grande River Basin litigation and settlement negotiation among Texas, New Mexico, Colorado and the United States for FY24. The litigation team has contracted with expert consultants in ground water, hydrogeology, Rio Grande River water administration, and agricultural engineering to inform the claims at issue in the case. Oral argument was before the U.S. Supreme Court March 20, 2024. Overall expenses in FY24 for interstate litigation work in the Rio Grande Basin is estimated to total approximately \$197,528.26.

On-going trial or settlement preparation and participation in both Original Action No. 141 still before the U.S. Supreme Court and to engage in litigate to protect Colorado's interests regarding the groundwater rules in the Rio Grande basin will be necessary during FY25.

The Unit is also participating in various groundwater rules cases in Division No. 3 Water Court that could impact the Division Engineer's administration of water rights for compliance with the Rio Grande Compact. One is already set for trial in January 2026. Overall expenses for this work are estimated to be \$167,000.00 **To pay for these efforts, we request the Board authorize the expenditure of \$492,000 for FY24 for the Rio Grande River Basin.**

Request for approval of expenditure for the Arkansas River Basin

The Unit anticipates expenditures for travel and operating expenses and expert consultants on matters that impact the Arkansas River Basin in FY25. **To pay for these efforts, we request the Board authorize the expenditure of \$280,000 for FY 25 for the Arkansas River Basin.**

Conclusion

The funding needs set out above are necessary to accomplish our essential work in support of the CWCB, the Division of Water Resources, the Department of Natural Resources, and Colorado's Compact Commissioners in ongoing negotiations, investigations, and litigation to protect Colorado's interests in interstate streams and rivers. We therefore request and recommend that CWCB authorize the above-identified expenditures for FY25.

We further recommend that the CWCB's authorizations extend the use of appropriated funds to FY26 if not expended in FY25, and allow the Board Directors,

in consultation with the State Engineer and DOL staff, to allocate funds between these activities based on actual costs and litigation necessities during FY 25.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Philip J. Weiser". The signature is written in a cursive, flowing style.

Phil Weiser
Colorado Attorney General

**Federal and Interstate Water Unit
Litigation Fund Expenditures
Current and Projected (FY24 & FY 25)**

Project by Basin	Requested Funding Needs FY24	CWCB Approved FY24	FY 24 Expenses Through 4/02/2024	FY 24 Estimated Expenses Through 6/30/2024	Approx. Available Funds FY 25	Funding Needs FY25	Difference
Colorado River							
Personnel *	\$ 480,000.00	\$ 480,000.00	\$ 363,000.00	\$ 117,000.00	\$ -	\$ 600,000.00	
Operating**	\$ 50,000.00	\$ 50,000.00	\$ 57,562.73	\$ 8,000.00	\$ (15,562.73)	\$ 75,000.00	
Travel	\$40,000	\$ 40,000.00	\$ 22,474.88	\$ 11,000.00	\$ 6,525.12	\$ 50,000	
Contracting ***	\$ 450,000.00	\$ 450,000.00	\$101,947.01	\$40,000.00	\$ 308,052.99	\$ 300,000.00	
<i>Colorado River Total</i>	<i>\$ 1,020,000.00</i>	<i>\$ 1,020,000.00</i>	<i>\$ 544,984.62</i>	<i>\$ 176,000.00</i>	<i>\$ 299,015.38</i>	<i>\$ 1,025,000.00</i>	<i>\$ (725,984.62)</i>
Republican River							
Operating/Travel	\$5,000	\$ 5,000.00	735.66	\$ 200.00	\$ 4,064.34	\$5,000	
Contracting•	\$ 100,000.00	\$ 100,000.00	8,864.11	\$ 12,000.00	\$ 79,135.89	\$ 35,000.00	
<i>Republican River Total</i>	<i>\$ 105,000.00</i>	<i>\$ 105,000.00</i>	<i>\$ 9,599.77</i>	<i>\$ 12,200.00</i>	<i>\$ 83,200.23</i>	<i>\$ 40,000.00</i>	<i>\$ 43,200.23</i>
Arkansas							
Operating/Travel	\$ 5,000.00	\$ 5,000.00		\$ -	\$ 5,000.00	\$5,000	
Contracting#	\$ 30,000.00	\$ 20,000.00	\$ 1,140.00	\$ 2,000.00	\$ 16,860.00	\$ 275,000.00	
<i>Arkansas River Total</i>	<i>\$ 35,000.00</i>	<i>\$ 35,000.00</i>	<i>\$ 1,140.00</i>	<i>\$ 2,000.00</i>	<i>\$ 31,860.00</i>	<i>\$ 280,000.00</i>	<i>\$ (248,140.00)</i>
South Platte							
Operating/Travel	\$ 5,000.00	\$ 5,000.00		\$ -	\$ 5,000.00	\$5,000	
Contracting•	\$ 200,000.00	\$ 100,000.00	\$25,530.00	\$35,530	\$ 38,940.00	\$ 150,000.00	
<i>South Platte River Total</i>	<i>\$ 205,000.00</i>	<i>\$ 205,000.00</i>	<i>\$ 25,530.00</i>	<i>\$ 35,530.00</i>	<i>\$ 143,940.00</i>	<i>\$ 155,000.00</i>	<i>\$ (11,060.00)</i>
Rio Grande							
Tx v. NM and CO							
Personnel			\$ -	\$ -	\$ -	\$ -	
Operating /Travel ^^	\$ 230,000.00	\$ 230,000.00	\$ 11,729.37	\$ 15,000.00	\$ 203,270.63	\$ 25,000.00	
Contracting^^^	\$ 360,000.00	\$ 360,000.00	\$ 70,798.89	\$ 100,000.00	\$ 189,201.11	\$ 300,000.00	
Groundwater Rules Cases							
Operating /Travel						\$ 5,000.00	
Contracting						\$ 162,000.00	
<i>Rio Grande River Total</i>	<i>\$ 590,000.00</i>	<i>\$ 590,000.00</i>	<i>\$ 82,528.26</i>	<i>\$ 115,000.00</i>	<i>\$ 392,471.74</i>	<i>\$ 492,000.00</i>	<i>\$ (99,528.26)</i>
TOTALS	\$ 1,955,000.00	\$ 1,955,000.00	\$ 663,782.65	\$ 340,730.00	\$ 950,487.35	\$ 1,992,000.00	\$ (1,041,512.65)

* Personnel expenses for the Colorado River Subunit contemplate a fully-staffed Unit.

**Operating Costs for FY25 contemplate costs for a fully-staffed Subunit.

*** The Contracting Costs for FY 25 contemplate the continuation of contracts with expert consultants to assist in preparation for post-2026 reservoir operations at Lake Powell and Lake Mead.