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Department of Natural Resources

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**TO:**  Colorado Water Conservation Board Members

**FROM:**  Anna Mauss, P.E., Deputy Director; Jeannine Shaw, Grants Section Chief

**DATE:**  May 22, 2025

**AGENDA ITEM 15:** Fiscal Year 2025-2026 Water Plan Grant Funding Targets by Category
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**Staff Recommendation**
Staff recommends the Board set target allocations for Fiscal Year 2025-2026 to distribute the $36.77M in available Water Plan Grant funding as described in Table 1 below.

Table 1: Recommended Target Allocation by Category for Fiscal Year 2025-2026

| Category | Target Allocation (%) | Target Allocation ($) |
|---|---|---|
| Agriculture | 24% | $8,825,000 |
| Conservation & Land Use | 16% | $5,883,000 |
| Engagement & Innovation | 6% | $2,206,000 |
| Storage & Supply | 23% | $8,457,000 |
| Watershed Health & Recreation | 31% | $11,399,000 |
| Total | 100% | $36,770,000 |

**Background**
The Water Plan Grant Program supports implementation of the Colorado Water Plan and is funded through sports betting tax revenue and Water Plan Implementation Fund (WPIF) interest earnings. The CWCB has a total of approximately $36.77M available[1] to award for Water Plan Grants in fiscal year 2025-2026 across the five categories noted above in Table 1.

Annual appropriations from Colorado's General Assembly are made to the WPIF as a whole and not to specific categories. However, by setting target allocations by category at a programmatic level, it serves as a guide to applicants and staff and ensures alignment with the Board. It is important to note that the Board still retains flexibility to award grants based on actual demand in each funding category.

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[1] Through the annual Projects Bill, the Colorado General Assembly appropriated $29,200,000 for fiscal year 2025-2026 Additionally, $7,570,000 carried over from fiscal year 2024-2025.

When applying for Water Plan Grant funding, applicants must select the category that best matches their project's primary purpose. Funding preference is given to projects that have multiple benefits, multiple purposes, and involve multiple stakeholders, so while funding is tied to the project's primary category, many projects will have benefits that span categories.

While the success rate of applications varies year over year and category by category, on average over the last two fiscal years, almost 90% of applications were successful in securing full or partial awards. Staff continue to do outreach to ensure applicants understand the criteria and guidelines and that the program is receiving enough applications to promote competitive, high-quality award recommendations that are well-aligned with the program.

**Data Inputs and Methodology**

Based on Board feedback, staff used three different data sources for determining funding targets by category. These included 1) basin roundtable identified projects (projects database), 2) Regional Water Plan Grant staff outreach activities, and 3) past applications and awards.

1. *[Projects Database]: Basin Roundtable Identified Projects*

This database contains data from the 2023 Colorado Water Plan update cycle, and gives a general overview of anticipated projects by basin, based on input from the nine basin roundtables. Updates may be made periodically and provide a snapshot of identified projects and needs. Table 2 below shows the need by category according to the projects database. Project statuses may range from ready now to in development long-term.

Based on the number of projects, agriculture has the highest percentage of total, followed by storage and supply. Based on cost, storage and supply has the highest percentage of total, followed by conservation and land use. Some project types, such as large infrastructure projects in the storage and supply category would require a much longer timeframe for implementation and individual projects with high costs would have a significant impact on cost estimate averages. As such, cost may not be the most representative method to determine target allocations by category for the near term.

Table 2: Projects Database by Primary Water Plan Grant Category

| Category | Projects Database (# of projects as % of total) | Projects Database ($ of projects as % of total) |
|---|---|---|
| Agriculture | 29% | 12% |
| Conservation & Land Use | 14% | 25% |
| Engagement & Innovation | 5% | 4% |
| Storage & Supply | 28% | 49% |
| Watershed Health & Recreation | 24% | 10% |
| Total | 100% | 100% |

*2.     Regional Water Plan Grant Project Manager Outreach and Engagement by Category*

Starting in fiscal year 2022-2023, the CWCB has had four full-time, regionally based staff dedicated to the Water Plan Grant program. Each of the nine basins have one of these staff members assigned to their basin. Regional staff track grant activities such as meetings, presentations, events, etc. Outreach and engagement may include potential applicants proactively reaching out to regional staff or conversely, regional staff reaching out to entities that may serve as a conduit to potential applicants.

Table 3 below shows the number of outreach and engagement activities by category for the regional staff. Technical experts within the CWCB may have additional activities that are not reflected here. Using regional staff's activities, the watershed health, environment and recreation category has the highest percentage of total activities, followed by agriculture.

Table 3: Regional Water Plan Grant Project Manager Outreach and Engagement Activities by Category from July 1, 2024 through April 22, 2025*

| Category | # of Activities | % of Activities |
|---|---|---|
| Agriculture | 32 | 25% |
| Conservation & Land Use | 19 | 15% |
| Engagement & Innovation | 11 | 8% |
| Storage & Supply | 25 | 19% |
| Watershed Health & Recreation | 43 | 33% |
| Total | 130 | 100% |
| *excludes 72 'general' outreach events not tied to a specific category | | |

*3.     Past applications and awards by category*

Staff evaluated the number and percentage of both applications and awards by category for the past two fiscal years with the goal of demonstrating both the level of interest and quality of applications by category. Since the Regional Water Plan Grant Managers started mid fiscal year 2022-2023, staff used the subsequent two fiscal years of available data for analysis.

There was significant variation in demand year over year for the different categories. However, watershed health, environment and recreation had the highest percentage of total in both years and engagement and innovation had the lowest.

Table 4: Water Plan Grant *applications* by category for fiscal years 2023-2024 and 2024-2025 as a percentage of total available funding for the corresponding fiscal year.

| Category | Applications FY23/24 % of total $'s | Applications FY24/25 % of total $'s |
|---|---|---|
| Agriculture | 16% | 20% |
| Conservation & Land Use | 17% | 19% |
| Engagement & Innovation | 9% | 3% |
| Storage & Supply | 28% | 15% |
| Watershed Health & Recreation | 30% | 43% |
| Total | 100% | 100% |

Table 5: Water Plan Grant *awards* by category for fiscal years 2023-2024 and 2024-2025 as a percentage of total available funding for the corresponding fiscal year.

| Category | Awards FY23/24 % of total $'s | Awards FY24/25 % of total $'s |
|---|---|---|
| Agriculture | 20% | 22% |
| Conservation & Land Use | 20% | 15% |
| Engagement & Innovation | 4% | 4% |
| Storage & Supply | 23% | 15% |
| Watershed Health & Recreation | 33% | 43% |
| Total | 100% | 100% |

**Summary**

The below table provides an overview of the data and methods in one table for ease of viewing. No single method stood out as being most representative in developing allocation targets by category. As such, staff's recommended target allocations by category for fiscal years 2025-2026 rely on a combination of data from the three methods, highlighted in yellow below. The average of the highlighted columns is the basis for staff's recommendation.

Table 6: Summary of data sources and methods

| Category | Method 1 | | Method 2 | Method 3 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Projects Database (# of projects as % of total) | Projects Database ($ of projects as % of total) | Outreach and Engagement (# of events as % of total) | Applications (FY23/24 % of total $'s) | Applications (FY24/25 % of total $'s) | Awards (FY23/24 % of total $'s) | Awards (FY24/25 % of total $'s) | Average of Method 3 |
| Agriculture | 29% | 12% | 25% | 16% | 20% | 20% | 22% | 20% |
| Conservation & Land Use | 14% | 25% | 15% | 17% | 19% | 20% | 15% | 18% |
| Engagement & Innovation | 5% | 4% | 8% | 9% | 3% | 4% | 4% | 5% |
| Storage & Supply | 28% | 49% | 19% | 28% | 15% | 23% | 15% | 20% |
| Watershed Health & Recreation | 24% | 10% | 33% | 30% | 43% | 33% | 43% | 37% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Table 7: Recommended Target Water Plan Grant Allocation by Category for Fiscal Year 2025-2026

| Category | Target Allocation (%) | Target Allocation ($) |
|---|---|---|
| Agriculture | 24% | $8,825,000 |
| Conservation & Land Use | 16% | $5,883,000 |
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