

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

Jared Polis, Governor

Dan Gibbs, DNR Executive Director

Rebecca Mitchell, CWCB Director

HOUSE BILL HB22-1316

THE 2022 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 then used for CWCB operations, programs, projects and grants to help implement Colorado's Water Plan. To date, over 650 loans have helped finance engineering, construction, and the purchase of water.

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 funding from the state's General Fund. Revenues come from interest earnings and royalty distributions from federal mineral leases.

The **Severance Tax Perpetual Base Fund (STPBF)** 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 2021, SB21-281 directed the CWCB to fund the Water Supply Reserve Fund (WSRF), the Interbasin Compact Committee Operation Fund (IBCC) and the Water Efficiency Grant Program from the STPBF. This will have a manageable impact on the STPBF; however it will reduce the amount of money available for new loans.

Small Project Loan Report - A report detailing the 14 loans made in calendar year 2021, providing about \$19 million, was submitted to the General Assembly on January 15th 2022. A copy of the report is available on the legislative website at www.colorado.gov.

Loan interest rates are adjusted bi-monthly by CWCB. The rates mid-year 2021 were:

- 1.20 % for agricultural loans and
- 1.60% to 2.00% for municipal loans
- 6.0% for commercial loans
- 2.0% for hydroelectric projects



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2022 Bill Highlights

Includes \$18.6M funding for important CWCB Programs and Projects. Including: \$3.8M to fund the Platte River Recovery Implementation Program; \$2M to provide matching cash incentives to reduce irrigation in the South Fork of the Republican River to assist in compact compliance. This Bill also appropriates \$8.2M for Water Plan Grants.

For more information, contact
Alice Cosgrove, DNR Legislative
Liaison (303) 242-7841

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

Signed 5/23/2022

The CWCB accepts applications for non-reimbursable project investments and project loans over \$10 million on August 1st of each year. Applications typically include programs, projects or activities of statewide impact or importance and are considered by the Board for inclusion in the annual CWCB 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 Risk Management (Continuation)	Assists communities to revise and improve floodplain studies and maps. (f/n/a Map Modernization Program) Provides the required non-federal matching dollars that are further leveraged by local cost share and in-kind services. This Program expects to leverage \$10M in federal funding alone this year.	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 funds annually.	Statewide	\$350,000
Section 4. Technical Assistance for Federal Cost- Sharing (Continuation)	These funds will continue to provide technical assistance to increase the success rate of applicants for competitive federal grant funds and thus will be highly leveraged. Project sponsors may also need CWCB financing for the non-federal costs. Eligible federal programs include the USDA's Regional Conservation Partnership Program [RCPP] offered statewide, the Colorado River Basin Salinity Control Program which is available throughout Western Colorado, and the Gunnison Selenium Management Program.	Colorado River Basin	\$300,000
Section 5. Litigation Fund - Restoring Cash Balance (Continuation)	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 6. Arkansas River Basin Decision Support System (ArkDSS) (Continuation)	The Arkansas River Basin Decision Support System (ArkDSS) is the last DSS to be developed in Colorado's DSS. This funding continues implementation efforts as identified in the ArkDSS feasibility study completed in 2011. This funding will be used to continue the implementation of the groundwater phase.	Arkansas	\$500,000
Section 7. 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 8. Water Forecasting Partnership Project (Continuation)	This project will use modern technology to provide better characterization of snowpack, install new ground and aerial remote sensing data, and develop employee accepted hydrologic modeling practices, to provide more reliable volumetric water supply forecasting.	Statewide	\$450,000
Section 9. UCRC Post-2026 Planning	The 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations of Lake Powell and Lake Mead will expire December 31, 2025, as will the Upper Basin and Lower Basin Drought Contingency Plans. This project will help fund the necessary modeling and data analyses to support Colorado and the Upper Colorado River Commission (UCRC) interstate planning and negotiation efforts.	Statewide	\$200,000
Section 10. Colorado's Water Plan Grant (WPGrant) Funding (Continuation)	This will transfer \$1M from the Construction Fund (CF) to the Water Plan Implementation Cash Fund to provide grant funding for projects that assist with the implementation of the Colorado Water Plan through CWCB's Application and Guidelines process.	Statewide	\$1,000,000
Section 11. Reservoir Enlargement Assessment Project	DWR's Comprehensive Dam Safety Evaluations (CDSE) tools provide for risk-informed decision making in reservoir enlargement planning, spillway adequacy, and protection of life and property. This will be used on a prioritized list of high hazard dams that show a likely potential for enlargement. These studies will serve a dual function of defining potential enlargement quantities and identifying components of the structure that may need to be modified as part of a safe enlargement scenario.	Statewide	\$250,000
Section 12. Platte River Recovery Implementation Program	This will fund the Platte River Recovery Implementation Program to implement certain aspects of the U.S. Fish and Wildlife Service's recovery plans for three threatened or endangered species (Whooping Crane, Pallid Sturgeon, Piping Plover), while providing Endangered Species Act compliance for Colorado water projects.	South Platte River Basin	\$3,800,000
Section 13. Republican River Basin Compact Compliance Programing	The DWR will utilize funds to provide matching cash incentives to producers to reduce irrigation/facilitate land retirement within the South Fork of the Republican River and to assist the state and the Republican River Water Conservation Dist. in meeting compact compliance obligations as outlined in a Resolution and subsequent Amendment approved by the Republican River Compact Administration.	Republican River Basin	\$2,000,000
Section 14. Goose Pasture Tarn Dam Rehabilitation	Authorizes a \$13,130,000 loan to the Town of Breckenridge to rehabilitate the Goose Pasture Tarn Dam. The 57ft high dam is located on the Blue River upstream of the Town and stores 568AF of the Town's water supply. The loan is matched by a \$10M grant from FEMA.	Colorado River Basin	\$13,130,000

Section 15. Water Supply Reserve Fund (WSRF)	This will transfer \$3M from the Severance Tax Perpetual Base Fund as authorized by SB21-281. SB21-281 allows the CWCB to authorize a transfer of funds when funds are available. The money will be used for Basin Roundtable approved projects that assist water providers through the current Application and Guidelines process	Statewide	\$3,000,000
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Other Provisions

Section 15.

Water Plan Implementation Cash Fund Appropriation - This will appropriate \$8.2M of sports betting revenues (\$7.2M) and Construction Fund (\$1M) funding within the Cash Fund to make grant funding available for projects that assist with the implementation of the Colorado Water Plan through CWCB's Application and Guidelines process.