



**COLORADO**

**Colorado Water  
Conservation Board**

Department of Natural Resources

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**TO:** Colorado Water Conservation Board Members

**FROM:** Lauren Ris, Deputy Director

**DATE:** May 15-16, 2019

**AGENDA ITEM:** 28. Colorado's Water Plan Grant Funding Discussion

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**Background:**

Three bills were introduced this legislative session that have potential funding implications for Water Plan implementation. Senate Bill 19-212 appropriated a total of \$10 million from the General Fund to the Department of Natural Resources for Water Plan implementation. Of this amount, \$8.3 million will be available for Water Plan Grants on July 1, 2019 and must be expended by the end of fiscal year 2021-22. The remaining \$1.7 million is dedicated to a demand management feasibility study, including stakeholder outreach and technical analysis for the 2019-20 fiscal year. This bill also codified the Water Plan Grant program in statute and specified eligible applicants, types of eligible projects, and match requirements, all consistent with the program's existing criteria and guidelines. The bill did not specify how the \$8.3 million ought to be allocated each year or in each grant category. This agenda item makes recommendations to the Board on those allocations.

The annual Water Projects Bill, Senate Bill 19-221, also passed this year appropriating \$7 million from the Construction Fund for the Water Plan Grant Program for fiscal year 2019-20. The bill allocated that funding to each project category consistent with the Board's recommendations as shown in Table X below. The Water Plan Grant program has been funded through the Construction Fund for three years beginning in fiscal year 2017-18. This is the first time the program has received a General Fund appropriation.

Finally, House Bill 19-1327 would refer a ballot measure to the voters in November 2019 asking whether to legalize sports betting in Colorado. The measure would also ask voters to approve a 10 percent tax on the net proceeds of sports betting. Revenue generated from sports betting activity would provide funding for a number of programs including Colorado's Water Plan. The fiscal note estimates that total revenue generated will be approximately \$6.3 million in fiscal year 2019-20 and \$9.7 million in fiscal year 2020-21. Of this, the Water Plan is estimated to receive a \$4.1 million transfer in fiscal year 2019-20 and \$6.4 million transfer in fiscal year 2020-21. The measure authorizes the funding to be used for the Water Plan Grant Program created in statute by Senate Bill 19-212 and for expenditures related to compact compliance. At the time this memo was written, the bill had passed the House and was awaiting debate on the Senate floor.



### Staff recommendation:

Staff recommends that the Board approve using the \$8.3 million General Fund appropriation to ensure \$10 million is available for the Water Plan Grant Program for the next three fiscal years in combination with funding appropriated from the Construction Fund, and to equally distribute the additional funding among the following grant categories: Agricultural Projects, Conservation and Land Use, Environment and Recreation, and Storage and Supply.

Staff also recommends that the Board receive an update on the Water Plan Grant Program at the September 2019 Finance Committee meeting and determine whether the demand on the grant program after the August 1, 2019 application deadline warrants making any additional funding available.

### Discussion:

Given the ongoing uncertainty associated with Severance Tax revenue projections, the outcome of House Bill 19-1327, and the ultimate decision of the voters on the ballot measure in November 2019, staff's recommendation is intended to provide some certainty on funding availability through the Water Plan Grant Program while also being cognizant of staff workload capacity. The recommendation also maintains some flexibility on the funding levels if there is a high demand on the grant program this coming fiscal year.

If staff's recommendation is adopted, an additional \$3 million would be made available for Water Plan Grants for fiscal year 2019-20 to bring the total program up to \$10 million, with \$75,000 added to each of the four categories (agriculture, conservation, environment and recreation, and storage and supply) that have historically seen the highest demand.

Tables 1 and 2 below summarize the history of the grant program, including the overall funding shortfalls in each category and number of applications received and funded. Overall, the grant program has been oversubscribed by 56% and has been short roughly \$4.5 million each year.

Table 1. WPGGrant 2-Year Funding Summary

WPGGrant Category	All Authorized Funding	Total Requested	Total Approved/Recommended	% of All Approved/Recommended Funds	Funding Shortfall	% Oversubscribed
Agricultural	\$2,000,000	\$4,272,833	\$1,997,402	14%	\$2,272,833	114%
Engagement & Innovation	\$1,500,000	\$1,578,516	\$1,491,328	10%	\$78,516	5%
Environment & Recreation	\$2,500,000	\$5,916,897	\$2,499,073	18%	\$3,416,897	137%
Conservation & Land Use	\$2,000,000	\$2,613,287	\$1,293,352	9%	\$613,287	31%
Water Storage & Supply	\$8,000,000	\$10,558,813	\$6,946,837	49%	\$2,558,813	32%
Totals	\$16,000,000	\$24,940,346	\$14,227,992	100%	\$8,940,346	56%



**Table 2. WPGGrant Total Applications**

WPGGrant Category	Total Applications Received	Applications Funded in Whole or Part
Agricultural	33	21
Engagement & Innovation	32	32
Environment & Recreation	40	29
Conservation & Land Use	22	20
Water Storage & Supply	25	17
<b>Totals</b>	<b>152</b>	<b>119</b>

