POLICY NUMBER: 14

SUBJECT: APPROVAL AND PRIORITIZATION OF CONSTRUCTION FUND APPLICATIONS FOR NON-REIMBURSABLE PROJECT INVESTMENTS

EFFECTIVE DATE: January 24, 2001

POLICY: The Colorado Water Conservation Board (CWCB) will accept applications for non-reimbursable project investments from the Construction Fund until August 31 of each year.

Applications for non-reimbursable project investments from the Construction Fund will be accepted for the following types of projects only:

1. Projects or studies of statewide impact or importance.
2. Feasibility studies and demonstration projects that are designed to answer questions related to statewide water issues or have significant potential to result in loans from either the Construction Fund or the Severance Tax Trust Fund Perpetual Base Account.

The CWCB may, in any year, recommend approval to the General Assembly of any project in the above categories that the Board deems worthy of funding through non-reimbursable investments. In order to protect the long-term integrity of the Construction Fund, Construction Fund loan applications are preferred over non-reimbursable investment applications.

Approximately 10% of the annual funds available for non-reimbursable investments will be set aside for feasibility studies and demonstration projects. Feasibility study and demonstration project investments will be limited to 50% of the total study or project cost, up to a maximum of $100,000. The project applicant must have completed a fully executed non-reimbursable investment funding contract with the CWCB within 2 years of the investment authorization by the General Assembly, or the Board will consider de-authorization of the investment.

PURPOSE: To establish an approval and prioritization process for non-reimbursable investments from the Construction Fund.

APPLICABILITY: This policy and procedure apply to applications for non-reimbursable investments from the Construction Fund.
Non-Reimbursable Prioritization

PROCEDURE: Prior to the November Board meeting, the CWCB staff will prepare for the Board’s consideration a summary of the technical and financial characteristics of each proposed project, program or study as well as a description of the sponsoring entity for each non-reimbursable investment application from the CWCB Construction Fund. Each application will be reviewed for conformity with the goals and objectives of the CWCB Long Range Plan. Non-reimbursable investment applications will be considered only in the following two categories:

1. Projects of statewide impact or importance,
2. Feasibility studies and demonstration projects that are designed to answer questions related to statewide water issues or have significant potential to result in loans from the Construction Fund or Severance Tax Trust Fund Perpetual Base Account.

Projects of statewide impact or importance will be prioritized and recommended to the Board for consideration by a committee composed of the Department of Natural Resources Executive Director, the CWCB Director, the State Engineer, or their representatives, and interested Board members based on the following project types:

- Projects, programs or studies that assist in the administration of compact-entitled waters, or address problems relating to compact-entitled waters,
- Projects, programs or studies that facilitate solutions to regional water supply problems,
- Projects, programs or studies that address federal water rights issues,
- Projects, programs or studies that assist in the recovery of threatened or endangered wildlife species or the conservation of existing wildlife species within riparian ecosystems,
- State satellite monitoring system improvements and other projects, programs, studies, instrumentation or supplies that assist in the collection and development of hydrologic and climatologic data, and
- Water, river restoration, and floodplain management projects, activities and studies affecting agriculture, recreation, or other industries that economically impact significant areas of the state.
Each year the committee will establish project priorities depending on the specific needs of the State and the availability of other project funding sources.

The applications will be further prioritized based on the type of applicant in the following order:
1. CWCB or other state agency
2. Multiple entities
3. A single entity representing more than one individual
4. An individual

Applications for feasibility studies and demonstration projects will be considered by the Board based on available funds in each year. CWCB staff will evaluate each application based on the following:
- Soundness of the work plan or plan of study,
- The need for the proposed project,
- The likelihood of the project sponsor to pursue implementation of the identified project through a Construction Fund or Severance Tax Trust Fund Perpetual Base Account loan, and
- The need for financial assistance as demonstrated by the project sponsor’s inability to obtain funds elsewhere.

Applications will be prioritized and recommended to the Board by the CWCB staff, following statutory guidelines, based on the types of projects, programs or studies in the following order:
1. Development of compact-entitled waters
2. Dam rehabilitation
3. Infrastructure construction or rehabilitation
4. Other water management activities and studies
5. Floodplain management projects

The applications will then be further prioritized based on the type of project applicants in the following order:
1. Agricultural or municipal low income
2. Municipal middle income
3. Municipal high income
4. Commercial/industrial water users
NOTE: Recognizing that future needs and responses to those needs cannot be predicted with certainty, the Colorado Water Conservation Board reserves the right to recommend for funding any project, program or study that it determines worthy of non-reimbursable investment funding.

Approved by the CWCB
January 24, 2001 Board Meeting
Agenda Item #12a.