



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

1313 Sherman Street
Denver, CO 80203

P (303) 866-3441
F (303) 866-4474

Jared Polis, Governor

Dan Gibbs, DNR Executive Director

Rebecca Mitchell, CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Anna Mauss, PE, Chief of Operations
Kirk Russell, PE, Finance Section Chief

DATE: November 20-21, 2019 Board Meeting

AGENDA ITEM: 9b. Financial Matters
New Policy - Distribution of CWCB Funds

Introduction and Background

This new Policy (Policy #23 - Draft Attached) attempts to standardize the distribution of CWCB grant funds in a prorated amount and as identified by the Board in its approved form.

Over the last 10 years or so, the CWCB has significantly increased the amount of grant funds made available for water activities and projects around the state. This has also increased the number of CWCB Project Managers (PMs) tasked to manage the disbursement of CWCB funds. Nearly all of the CWCB grants require a match from the grantee per an approved criteria and guidelines. This is typically identified in the Board's approval. This match is in the form of cash and/or in-kind contributions from the applicant, local, other state, federal funding sources, or CWCB's Loan Program.

It has become apparent that the variations in techniques used by CWCB PMs for disbursement of these grant funds has created confusion for grantees. Some PMs distribute the CWCB grant funds upfront and anticipate the applicant will secure and apply the matching contributions later in the process. Others require a prorated disbursement of CWCB funds to matching funds as the project proceeds.

Complications can arise when CWCB grant funds are fully disbursed and matching funds are no longer needed due to a change in the final project scope and cost.

The defined "Project" or "Activity" to receive CWCB Grant funding is a critical component in the process of the review and funding approval. This includes a detailed project scope, cost estimate and schedule for the Board to evaluate and establish an approved level of grant funding. A project that is overstated in price and receives all of its grant disbursements early in the project will receive a disproportionate amount of grant funding when compared to the Board's match approval percentage. This has a direct impact on other projects that may have been denied funding due to CWCB's limited funds.

Staff Recommendation

Staff recommends the Board approve Policy 23 - Disbursement of CWCB Grant Funds as a Percentage of the Total Project Cost.



POLICY NUMBER: 23

SUBJECT: **DISBURSEMENT OF CWCB GRANT FUNDS AS A PERCENTAGE OF THE TOTAL PROJECT COST**

EFFECTIVE DATE: November 20, 2019

REVISED DATE: N/A

POLICY: Under the statutory authority of Article 60 Title 37 and Article 39 Title 29 CRS the Colorado Water Conservation Board (CWCB) may, after legislative appropriation and grant contract execution, distribute qualifying grant funds to grant recipients as reimbursement for actual project costs. This Policy is intended to establish and maintain a uniform process for the distribution of CWCB grant funds.

PURPOSE: In addition, a project that is overstated in price may receive a 50% grant and if proper proportionate disbursement of funds is not maintained, it may result in the CWCB paying a much higher percentage of the overall project.

APPLICABILITY: This policy and procedure applies to all grants approved by the CWCB that indicate matching funds will be provided. This includes all CWCB programs and funds including but not limited to Construction Fund, Severance Tax Operational Fund, Water Supply Reserve Fund Grants, Water Plan Grants.

PROCEDURE: All Applicants will be required to define the Project or Activity used to achieve the desired outcome and Final Deliverable. The Applicant will be required to establish a detailed project scope of work and a detailed estimate of cost for the Project or Activity in the application. The final Board approved grant amount will establish the grantee's required matching proportion. This same proportion will be used for disbursement of CWCB's grant funds either by total project or by identified individual task in the project scope based on the complexity of the Project or Activity.

Grantees will submit disbursement requests that are limited by the proportionate grant percentage of overall project. CWCB Project Managers may use discretion when situations arise that require out of proportion disbursements. However, in all cases PMs shall avoid exceeding the Board's approved proportional funding level when the project is complete. PMs will provide documentation to support the allowance of disproportionate disbursement of grant

funds that occur during the project or activity. This shall be recorded on the PM-signed approval documents.

If a grantee is utilizing in-kind services, in lieu of cash, these services will be identified in the disbursement request in order to document the matching effort compared to the CWCB funds being requested.

DRAFT