TO: Colorado Water Conservation Board Members  
FROM: Kirk Russell, P.E., Finance Section Chief  
DATE: September 16-17, 2020  

AGENDA ITEM: 7b. 2020 Wildfire Impact Loans

Staff Recommendation:
Staff recommends the Board make available $10,000,000 for Wildfire and Flood Impact Loans. The 30-year term loans will be available at zero percent interest with no payments for three years followed by 27 years of repayment at the interest rate established by Financial Policy #7 for a 30 year loan. This loan funding opportunity is available to eligible applicants serving or receiving water from areas under a Governor’s Emergency Declaration. Funding will be budgeted annually and remain available for applications until a modifying action by the Board is made.

Background:
It is not unusual for CWCB to receive emergency funding requests to repair/replace failed water supply infrastructure. Most of the time it is a consequence of infrastructure exceeding its life expectancy. In these situations, staff is usually able to work with the borrower to utilize CWCB’s loan program to reimburse design and construction costs paid with applicant’s cash reserve funds or a short-term local bank loan. Staff guides the borrower through the loan process to be sure that if CWCB financing is approved and contracted, all of CWCB’s project loan program requirements are met.

Although this has and will remain an effective method, staff requests the Board consider identifying $10M of loan funds annually to respond to water supplies impacted by natural disasters such as wildfire and flood. The financing offer will be tied directly to an Emergency Declaration by the Governor. This model was effective in response to the unprecedented flooding along the Front Range in 2013. At that time, $40M was made available under the same arrangement and $23M in project financing was approved by the Board. Ultimately, only $13M was withdrawn from CWCB’s funds and all of the loans are considered a success.

Borrowers will be required to comply with all CWCB Financial Policies and state standard contracting requirements. The difference is primarily in the depth of information needed for a loan application. In a declared emergency situation, repair or replacement efforts require a quick turnaround. By marking these funds available for this purpose, it provides assurance that the CWCB funds are available, efficient and effective. It is important to note that in some cases, a solution is more complicated and a more comprehensive review of possible solutions is needed. Situations such as determining an alternate water source or location of water will require staff to work with the applicant to be sure the best alternative is recommended while still allowing for a quick turnaround.
The three-year zero-percent loan offer will help borrowers manage the potential for emergency funding from outside sources such as the Federal Emergency Management Agency (FEMA) and the Natural Resource Conservation Service (NRCS). The no-payments for three years will allow borrowers time to adjust assessments/rates to meet loan repayment schedules.

**General Outline of Emergency Loans - Wildfire Impact Loans (WIL) and Flood Impact Loans (FIL)**

1) Applications will be processed at anytime with Board consideration at regular meeting schedules unless there is cause for a special meeting of the Board to consider urgent action.
2) An Emergency Loan Funding Application will be available for use in emergency declarations.
3) Applicant will submit an application and a technical summary (aka Feasibility Study) of the project scope including engineering analysis as necessary.
4) The loans will receive priority status throughout the review, approval and contracting process.
5) All loan amendment fees will be waived.
6) Loan contract will require borrower to apply outside source funds related to the project be paid to CWCB to lower the loan balance.

**Targeted Projects:**
Typical projects include repair or replacement of: river diversion structures; dams; supply canals/pipelines; and pumps that are impacted by the natural disaster.