



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E., Finance Section Chief

DATE: January 25-26, 2021 Board Meeting

AGENDA ITEM: 8. 2021 Projects Bill Summary

Introduction (This is for information only and no action is necessary)

Attached is the draft summary of the proposed 2021 CWCB Projects Bill for discussion and modification as necessary.

Summary of the \$6.25 million Bill request includes:

1. \$3.25 million funding of important CWCB Programs and Projects
2. \$3 million Non-Reimbursable for the San Luis Valley - Confined Aquifer Recovery Project
3. Revision to the statute that returns the funding source to the Water Efficiency Grants that expired in July 2020.



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SENATE BILL SB21-____

THE 2021 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 600 loans have helped finance engineering, construction, and the purchase of water.

The CWCB is celebrating the fifth anniversary of Colorado's Water Plan. This Bill represents a significantly smaller list of projects and programs compared to from previous years. This minimalized project funding list will help maintain the CWCB's efforts to implement the Plan including consumptive and non-consumptive projects and activities throughout the state.

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

The **Severance Tax Perpetual Base Fund** 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.

Small Project Loan Report - A report detailing the 17 loans made in calendar year 2020, providing about \$44 million, was submitted to the General Assembly on January 15th 2021. 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 2020 were:

- 1.30 % for agricultural loans and
- 1.85% to 2.35% for municipal loans
- 6.0% for commercial loans
- 2.0% for hydroelectric projects



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2021 Bill Highlights

*Provides \$6.25 million for:
Sustaining the confined
aquifer in the San Luis Valley,
Technical assistance to
leverage Federal grant
funding, Stream Monitoring
efforts, Flood Hazard
Mapping, and Weather
Modification.*

For more information, contact
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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 A. 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	\$100,000
Section B. Floodplain Map Modernization Program (Continuation)	Assists communities to revise and improve floodplain studies and maps. Provides the required non-federal matching dollars that are further leveraged by local cost share and in-kind services. This Program leverages four million dollars in local and federal funds annually.	Statewide	\$500,000
Section C. 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 annually.	Statewide	\$350,000
Section D. Restoration of Litigation Fund Cash Balance	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 E. Technical Assistance for Federal Irrigation Improvement 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. Successful participants in these federal programs may also need a CWCB loan to finance a portion of the non-federal implementation 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 F. San Luis Valley - Confined Aquifer Recovery Project	Authorizes CWCB to fund up to \$3M (approx. 15%) to the Colorado Rio Grande Restoration Foundation towards the purchase of a farm and water rights as part of the Confined Aquifer Recovery Project. The land purchase will suspend at least 8,000AF of groundwater pumping annually to help the Valley's goal of reaching a sustainable aquifer.	Rio Grande Basin	\$3,000,000

Other Provisions

(Section G)

Statutory Revision: Revision to the Colorado Revised Statutes CRS 109.3(2)c - Water Efficiency Grant Program Cash Fund

Add:

(I) To the water efficiency grant program cash fund created in section 37-60-126 (12), C.R.S., for use in accordance with that section, the following amounts:

(A) For each state fiscal year commencing on or after July 1, 2021, five hundred fifty thousand dollars.

(II) Moneys transferred pursuant to this paragraph (c) shall be in addition to and shall not replace any moneys appropriated to the Colorado water conservation board pursuant to paragraph (d) of subsection (1) of this section.

(III) This paragraph (c) is repealed, effective July 1, 2030.

Justification - This will allow the transfer of Operational Grant funding to the Water Efficiency Program Cash Fund. It will reinstate the funding source that was repealed on July 1, 2020. The date lines up the repeal date with the program repeal date.