



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
Anna Mauss, Chief Operating Officer

DATE: March 15-16, 2022 Board Meeting

AGENDA ITEM: 8. Severance Tax Trust Fund - Policy 18 Review

Staff Recommendation

Staff recommends approval of the revised Policy 18 - *Approval and Prioritization of Funding From The Severance Tax Trust Fund Operational Fund*

Introduction/Background

The Severance Tax Trust Fund Operational Fund (Operational Fund) is the portion of Severance Tax appropriated to the Department of Natural Resources for core Departmental programs. Historically the CWCB has used its portion of the appropriation, approximately \$1.2 million annually, to support grants per [Policy 18](#). Over the past few years, the Operational Fund grant program has become less relevant due to the increase use of WSRF and the Water Plan Grant Fund programs. Additionally, in 2020 all grant awards for FY20/21 were suspended due to fiscal conservation measures within the DNR to maintain funding for staff salaries and other Core programs. There are a number of challenges related to the program in part because funds must be spent within one fiscal year. Often project applicants struggle due to the limited time available to spend the money, especially if there are contracting delays, matching fund challenges, scoping adjustments, or staffing changes that create difficulties at the end of the fiscal year.

Staff is requesting the Board consider utilizing this Operational Fund as an internal program-funding source for use in CWCB's efforts to advance its Mission Statement, Strategic Plan, and the Colorado Water Plan. The overall priorities of the program are not changing; however, pivoting to internal operational use is consistent with other divisions of the DNR's use of the Operational Funds. The revised Policy 18 is attached. Here are the major changes and similarities:

- 1) CWCB will no longer accept external "grant applications" however; CWCB may request assistance from our state, federal and local partners.
- 2) Process for review and approval will start at the September Finance Committee with an opportunity for the Committee to hear a high-level review of the plans for the Operational Funds.
- 3) Final approval of projects, programs, studies, or operational funding will be made by the CWCB Director annually in May and be included in the Director's Report to the Board.
- 4) CWCB plans to continue its partnership with higher education institutions to promote research that benefits the use of Colorado's water.
- 5) Per the current Policy language, the CWCB Director may need to reallocate funds due to fiscal year funding restraints. A summary of actual expenses will be provided to the Board at the conclusion of the fiscal year (September Board Meeting).



POLICY NUMBER: 18

SUBJECT: **APPROVAL AND PRIORITIZATION OF FUNDING
~~GRANT APPLICATIONS~~ FROM THE SEVERANCE TAX
TRUST FUND OPERATIONAL FUND**

EFFECTIVE DATE: July 1, 2012

REVISED DATES: **March 15, 2022**

POLICY: The Colorado Water Conservation Board's (CWCB) Director will review and approve internal funding requests from the Severance Tax Trust Fund Operational Fund (Operational Fund) and notify the Board.

The requests may include:

(1) Water management projects, programs and studies that help CWCB with its established goals and program needs of the CWCB's Strategic Plan, Mission Statement, and the Colorado Water Plan.

(2) Operational funding requests internal to CWCB that assist in supporting the overall management needs of CWCB.

(3) To support CWCB's continued partnership with higher education institutions and to promote the research and development of information that supports CWCB's Strategic Plan and Mission Statement, CWCB staff will set aside up to \$350,000 of its annual Operational Fund allocation specifically for higher education grant requests.

PURPOSE: To establish an approval and prioritization process for projects, programs, studies and operational funding from the Operational Fund.

APPLICABILITY: This policy and procedure apply to the use of funds from the Operational Fund.

PROCEDURE: At the annual Finance Committee Meeting (September), the Director and staff will provide a general outline of projects, programs, studies and internal operations proposed for the following fiscal year's funding plan and if necessary, a description of its merits. Requests will be reviewed for conformity with the goals and objectives of CWCB's Mission Statement, Strategic Plan, and the Colorado Water Plan. Requests will be considered in the following

categories and priority for projects, programs, studies and internal operational funding that:

1. Assist in the administration of or problem solving related to compact-entitled waters;
2. Facilitate solutions to water supply needs;
3. Assist in the recovery of threatened or endangered wildlife species or the conservation of existing wildlife species within riparian ecosystems;
4. Assist in meeting non-consumptive needs of the State, such as; recreation, instream flows, and the environment.
5. Requests for satellite and stream gauge monitoring and instrumentation of hydrologic and climatologic data;
6. Assist in the long-range planning for and education about water conservation in the State;
7. Water, river restoration, floodplain, and drought management affecting agriculture, recreation, and/or other areas that impact the State economically;
8. That address federal water rights issues; and,
9. Support higher education institutions that promote the goals and objectives of CWCB's Strategic Plan.

Project funding will become available on July 1st of each year and must be spent by the end of the fiscal year (June 30).

The CWCB Director will include the final approved list of projects, programs, studies and internal operational funding in the May Board Meeting's Director's Report. The Director shall have the discretion to reallocate approved Operational Funds to other projects, if a particular project/s cannot be completed within the fiscal year.

A final report of all funds spent will be provided to the Board at the September Board Meeting.

Approved by the CWCB
March 15, 2022 Board Meeting
Agenda Item #8