



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Anna Mauss, P.E., Chief Operating Officer
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DATE: July 20-21, 2022

AGENDA ITEM: 12. American Rescue Plan Act Funded Programs Update

Background (This item is for information only and no action is necessary):

This agenda item is to provide the Board information about American Rescue Plan Act (ARPA) funding appropriated to the Colorado Water Conservation Board (CWCB) during the 2022 legislative session.

American Rescue Plan Act

Communities across America have been under an unprecedented strain in the wake of the COVID-19 crisis. The federal American Rescue Plan Act provides \$1.9 trillion dollars in emergency relief funding for state, local, territorial, and Tribal governments to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery.

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a component of the overall American Rescue Plan, delivers \$350.0 billion to jurisdictions across the country to support their response to and recovery from the COVID-19 public health emergency. The State of Colorado received \$3.8 billion of SLFRF to support recovery efforts statewide. In Colorado, SLFRF funds are appropriated through a legislative process; working in collaboration with the Governor's Office, the General Assembly designates and appropriates all SLFRF funds. During the 2022 legislative session, the CWCB was appropriated ARPA/SLFRF funding through two bills.

S.B. 22-028, Groundwater Compact Compliance Fund

The bill creates the Groundwater Compact Compliance and Sustainability Fund (Fund) to help finance groundwater use reduction efforts in the Rio Grande and Republican River basins, such as efforts to buy and retire irrigation wells and irrigated acreage.

The bill appropriates \$60.0 million from the Economic Recovery and Relief Cash Fund (the state's primary repository for federal ARPA/SLFRF funding) to the newly created Fund. CWCB is charged with administering the Fund and can make expenditures based on recommendations from the board of directors of the Rio Grande Water Conservation District or the Republican River Water Conservation District. Any conservation district



recommendation must first be reviewed and approved by the Division of Water Resources (DWR).

This funding will strengthen financial incentives that the Republican River Water Conservation District and the Rio Grande Water Conservation District already utilize to ensure agricultural producers retire a sufficient number of irrigated acres to maintain Colorado's compliance with interstate compacts and/or groundwater rules. Through direct payments or other mechanisms to be determined, the districts will provide incentives to supplement payments from USDA's Conservation Reserve Enhancement Program (CREP) or other Natural Resources Conservation Service (NRCS) programs. Funding may also be utilized to support purchase agreements with agricultural producers to reduce groundwater use or fallow irrigated acreage.

As of summer 2022, staff from CWCB, DWR, and the DNR Executive Director's office are actively working with the two districts to develop a draft grant agreement that will regulate the distribution of funding, with the goals of capturing all information required for the federal funding and ensuring smooth implementation.

H.B. 22-1379, Wildfire Prevention Watershed Restoration Funding

The bill will transfer \$15.0 million from the Economic Recovery and Relief Cash Fund to the CWCB Construction Fund for three purposes:

- \$10.0 million for watershed restoration and flood mitigation grants, to restore, mitigate, and protect stream channels and riparian areas susceptible to flood hazards and sediment erosion after wildfire;
- \$2.5 million for CWCB's direct and indirect costs of providing technical assistance to political subdivisions and other entities applying for federal Infrastructure Investment and Jobs Act (IIJA) money and other federally available money related to water funding opportunities, with the goal of advancing priorities outlined in Colorado's Water Plan;
- \$2.5 million for direct capacity-building grants to political subdivisions of the state for the hiring of temporary staff that will assist in applying for federal IIJA money and other federally available money related to natural resource management.

All funds from H.B. 22-1379 must be encumbered or otherwise committed by December 30, 2024 and fully expended by December 30, 2026.

Watershed Restoration and Flood Mitigation Grants (\$10.0 million)

CWCB Watershed and Flood Protection Program staff are developing programmatic goals and application materials for the \$10.0 million for watershed restoration and flood mitigation grants, and anticipate presenting grant program guidelines for Board approval at the September 2022 board meeting.



Technical Assistance and Capacity Building Grants (\$5.0 million)

During the development of H.B. 22-1379, CWCB, DNR, and Governor's Office staff recognized an opportunity to leverage SLFRF funds to develop applications for federally available funding to advance priorities outlined in Colorado's Water Plan. Many local governments and other entities lack the staff capacity and technical expertise to pursue federal funding opportunities and develop competitive grant application materials. As such, the bill contains \$5.0 million for capacity building grant programs to allow the CWCB to support local entities through contract technical assistance (\$2.5 million) and direct local capacity grants (\$2.5 million).

Eligible applicants for technical assistance and capacity building funding include governmental entities such as municipalities, districts, and counties, and private entities including mutual ditch companies, non-profit corporations, and partnerships. Specific technical assistance and capacity building needs are likely to vary significantly across potential applicants, and the allowed uses of this funding are intentionally broad in scope to accommodate different circumstances at the local level. Eligible projects include a variety of technical aspects of project development as well as more general grant management activities.

CWCB and DNR Executive Director's Office (EDO) staff drafted IJA Technical Assistance and Local Capacity Grant Guidelines for Board consideration. (See agenda item 13.) Upon guidelines approval, grant applications will be developed and added to the CWCB Loan and Grant Portal. For the Local Capacity Grants, grants will be awarded directly to local entities applying for Infrastructure Investment and Jobs Act funding. For the Contract Technical Assistance Grants, an RFP will be issued to hire contractors to provide technical support to grantees. Once the contractors are selected, applicants will be able to apply to the CWCB for a grant to access the direct contractor support.

