

**Schedule 13**  
**Funding Request for the 2014-15 Budget Cycle**

Department: Public Health & Environment  
 Request Title: Water Infrastructure  
 Priority Number: R-2

Dept. Approval by: [Signature] <sup>10/29/13</sup>  
 Date

OSPB Approval by: [Signature] <sup>10/24/13</sup>  
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
<b>Total of All Line Items</b>	<b>Total</b>	15,000,000	-	-	12,000,000	-
	FTE	1.0	-	1.0	-	-
	GF	15,000,000	-	-	12,000,000	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
<b>(5) Water Quality Control Division, (B) Clean Water Program, Nutrients Grant Fund</b>	<b>Total</b>	15,000,000	-	-	12,000,000	-
	FTE	1.0	-	1.0	-	-
	GF	15,000,000	-	-	12,000,000	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required?    Yes     No     This is requested with roll forward spending

Cash or Federal Fund Name and COFRS Fund Number:    Nutrients Grant fund 27P

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT?    Yes     No     Not Required  :

Schedule 13s from Affected Departments:    N/A

Other Information:



# COLORADO

Department of Public Health and  
Environment

Priority: R-2  
Water Infrastructure  
FY 2014-15 Change Request

## ***Cost and FTE***

- This request is for \$12 million General Fund to issue flexible grants to communities to upgrade drinking water and wastewater infrastructure and comply with water nutrients regulations.
- It is anticipated that this funding will help communities throughout the state including those affected by the September 2013 floods.

## ***Current Program***

- Municipalities and districts in the state of Colorado have significant unmet need around drinking water and wastewater infrastructure. Infrastructure improvements for public facilities related to implementing the nutrients regulations is estimated to be over \$700 million. The 2014 Drinking Water and Water Pollution Control Revolving Loan Fund Project Eligibility Lists documents \$11.2 billion of infrastructure need.
- HB 13-1191 "Nutrients Grant Fund" authorized \$15 million and 1.0 FTE to assist drinking water and wastewater systems to come into compliance with state regulations.

## ***Problem or Opportunity***

- Access to clean, drinkable water and appropriate treatment of wastewater is essential to public health.
- In September 2013, Colorado experienced unprecedented flooding that resulted in FEMA estimated damages exceeding \$170 million to drinking water and waste water infrastructure, which further compounded the state's unmet need.
- In addition, communities throughout the state are struggling to meet nutrients management standards, such as regulation 85 issued by the Water Quality Control Commission, which requires phase-one wastewater treatment plants upgrade treatment systems to reduce the amount of nutrients (phosphorus and nitrogen) released into surface water.

## ***Consequences of Problem***

- Failure to rebuild and improve drinking water and wastewater infrastructure will likely result in contamination and disease. Elevated nutrient levels can lead to carcinogens in drinking water. Excess nutrients also cause imbalance in the ecosystem harming aquatic life and hindering recreational use of rivers and lakes.

## ***Proposed Solution***

- This request is for \$12 million General Fund with roll-forward authority to make grants to assist public drinking water and wastewater facilities to repair or improve their infrastructure. Grants will be used to repair or construct treatment plants and repair or replace wastewater collection lines and drinking water distribution lines.
- Grants will also be used to assist municipalities to plan, design and construct treatment facilities that minimize the harmful effects of excess nutrients in water.
- This request will require an extension of the current sunset provision in §25-8-608.5 C.R.S.

***FY 2014-15 CHANGE REQUEST***  
***Priority: R-2 Water Infrastructure***  
***Request Detail***

***Problem or Opportunity:***

Municipalities and districts in the state of Colorado have significant unmet need related to drinking water and wastewater infrastructure. The 2014 Drinking Water and Water Pollution Control Revolving Loan Fund Project Eligibility Lists documents \$11.2 billion of infrastructure need in the state. The Department of Public Health and Environment is requesting \$12.0 million General Fund to meet that need. The Department plans to issue flexible grants to municipalities and districts throughout the state to help them meet nutrients standards and improve drinking water and wastewater infrastructure. It is anticipated that this funding will also help flood-affected communities.

Access to clean, drinkable water and appropriate treatment of wastewater are essential to public health and well being. The requested funds will help drinking water and wastewater facilities around the state rebuild and/or improve their systems, thus protecting public health and the environment.

**Nutrients Management and Infrastructure Needs** – The state has passed several regulations in order to come into compliance with federal standards for nutrients management. Unfortunately, communities throughout the state are currently struggling to meet nutrients regulations and standards due to high costs and infrastructure needs, which pose a public health risk. Elevated nutrient levels can lead to carcinogens in drinking water and can also cause an imbalance in the ecosystem, harming aquatic life and hindering recreational use of rivers and lakes.

This request would provide grant funding to municipalities and districts across the state, working to implement the new nutrients management standards issued by the Water Quality Control Commission. For example, Regulation 85 issued by the Water Quality Control Commission requires that phase-one wastewater treatment plants upgrade treatment systems to reduce the amount of nutrients (phosphorus and nitrogen) released into surface water.

The unmet need for infrastructure improvements for public facilities related to implementing the nutrients regulations is estimated to be over \$700 million. In the 2013-14 grant cycle, 21 facilities received a total of \$14.7 million in grant funding for planning, design and construction of nutrients treatment systems. The requests for nutrient grants exceeded available funds by \$3.6 million.

*Flood Relief* - The September 2013 flood caused tremendous damage to water and wastewater infrastructure compounding the need for additional funding for water nutrients. This request will allow the state to make grants available to counties, municipalities and districts for drinking water and wastewater infrastructure associated with flood recovery and to assist phase-one publicly owned domestic wastewater treatment facilities that are required to comply with the Nutrients Management Control Regulation #85.

In September 2013, Colorado experienced unprecedented flooding that resulted in FEMA estimated damages exceeding \$170 Million to drinking water and waste water infrastructure. FEMA has designated 20 Colorado counties have been designated for direct federal assistance from the Federal Emergency Management Agency (FEMA); 18 of these counties are eligible for reimbursement for infrastructure. This request is to assist those impacted drinking water and wastewater treatment facilities with grant funding for planning and design and to offset “repair or replacement” costs not covered by FEMA. FEMA funding can only be used to restore an eligible facility to its pre-disaster design (FEMA Public Assistance Policy Digest 1/2008). If authorized, the requested funds would be used to help drinking water and wastewater facilities meet the FEMA match requirement, and make additional improvements to their facilities to meet regulatory requirements not covered by FEMA.

***Proposed Solution:***

This request is for \$12 million in General Fund to make grants to drinking water and wastewater systems to rebuild and improve their infrastructure related to nutrients requirements and/or flood damage. The Department believes the existing FTE authorized as part of HB 13-1191 “Nutrients Grant Fund” will be adequate to manage the requested \$11.4 million in grants, so no additional FTE are being requested. The Department is requesting that the authorized FTE and associated funding be extended through FY 2016-17 to oversee these additional projects through completion. Failure to rebuild and improve drinking water and wastewater infrastructure will result in contamination and disease.

***Anticipated Outcomes:***

The Department anticipates that drinking water and wastewater treatment facilities will apply for these grants and use them to do a variety of activities associated with improving their flood damaged infrastructure including repair or construction of treatment plants and repair or replacement of wastewater collection lines and drinking water distribution lines.

Activities funded with the requested water infrastructure grants funds will include:

- Assisting municipalities with grant funding to plan, design and construct treatment facilities that minimize the harmful effects of excess nutrients in water.
- Providing a portion of the match required to secure FEMA flood disaster funding to rebuild drinking water and wastewater infrastructure.
- Providing supplementary funds to allow communities impacted by flooding to make improvements as they repair and rebuild their water and wastewater infrastructure to meet updated regulatory requirements.
- Assisting counties who have a demonstrated financial need for repairing and restoring damaged onsite wastewater treatment systems, as defined in §25-10-103 (12) C.R.S.

Since infrastructure projects take multiple years to execute, the Department is requesting roll-forward spending authority through 2016-17. The Department is also requesting that the existing nutrients grant line be renamed “Water Infrastructure Grants” to allow for the expanded scope of the program. The Department anticipates that the first round of water infrastructure grants will be awarded in fall of 2014.

The Department will rely on its existing experience with its grant programs and input from stakeholders to develop criteria for awarding grants. If all funds are not awarded, the Department will conduct a second Request for Application to distribute remaining funds.

***Assumptions and Calculations:***

The request for \$12 million for drinking water and wastewater infrastructure grants is based on the success of the 2013-14 nutrients grant program and the availability of General Fund given other state priorities. The estimated needs for flood recovery is \$170 million and nutrients implementation is over \$700 million. While this funding will not cover all of the state's unmet need, it will provide significant benefits for a number of communities.

The 2013-14 Nutrients Grant Program assisted 21 facilities with awards ranging from \$80,000 to \$1,080,000. Given the significant variation in the types of projects, it is difficult to estimate exactly how many grants will be awarded but the Department thinks that all available moneys will be expended.

The request for roll-forward spending authority is based on the fact that infrastructure projects such as these take more than one year to complete.

This request will require an extension of the current sunset provision in §25-8-608.5 C.R.S.