

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

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HOUSE BILL 08-1346

THE 2008 WATER PROJECTS BILL

Background

The General Assembly annually authorizes new water project loans from the Construction Fund and the Perpetual Base Account of the State Severance Tax Trust Fund.

The **Construction Fund** was created in 1971 to provide low-interest loans for water projects. The fund has financed more than 335 locally sponsored water projects. The CWCB may contribute up to 90 percent of the engineering and construction cost of a project. The CWCB may also provide non-reimbursable investments for up to 50 percent of the cost of a feasibility study and other water supply investigations.

In FY 2008, loan rates vary from:

- 2.25 percent for agricultural loans;
- 3.50 percent for municipal loans in middle-income areas; to,
- 4.75 percent for commercial loans.

These rates are adjusted each fiscal year by the CWCB.

The Construction Fund is a partially self-supporting revolving loan fund. Revenues come from the return of principal and interest on outstanding loans, interest earned on the fund's cash balance in the state treasury, and federal mineral royalty distributions. The total equity of the fund exceeds \$293 million. The total fund equity includes the outstanding loan portfolio, authorized projects currently under contract, authorized projects not yet under contract, and cash available for new loans.

The **Severance Tax Trust Fund Perpetual Base Account** was established by the General Assembly in 1997. Principal funding comes from the taxes paid by the producers of gas, oil, coal and other minerals.

The total equity of the Perpetual Base Account has risen to more than \$242 million. The total fund equity includes severance tax revenue, the outstanding loan portfolio, authorized projects currently under contract and authorized projects not yet under contract.



2008 Water Projects Bill Highlights

- *Authorizes more than \$70 million for new loans;*
- *Provides over \$5.0 million for satellite monitoring, water supply and planning studies, flood control and other projects.*

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Water Project Loans

New Construction Fund Loans (Sec.1):

Loan Recipient	Name of Project	County	Amount
Pagosa Area Water & Sanitation District Water Activity Enterprise	Dry Gulch Reservoir Project Land Purchase	Archuleta	\$11,217,000
<i>Total</i>			\$11,217,000

New Severance Tax Trust Fund Perpetual Base Account (PBA) Loans (Sec.2):

Republican River Water Conservation District Water Activity Enterprise	Republican River Compact Compliance Pipeline Project	Yuma, Phillips & Others	\$60,600,000
<i>Total</i>			\$60,600,000

Recommended Non-reimbursable Investments

The CWCB accepts applications for non-reimbursable projects from the Construction Fund until August 31 of each year. Applications for non-reimbursable project investments are accepted for:

1. Projects or studies of statewide impact or importance.
2. Feasibility studies and projects designed to address statewide, region wide, or basin wide issues. The Board examines whether such studies will result in new loans.

Division of Water Resources (Sec.3) Satellite Monitoring	Appropriates funds to install, maintain, and operate satellite monitored stream gauges for water rights administration as statutorily authorized.	Statewide	\$350,000
CWCB (Sec.4) Colo. Drought Mitigation & Response Plan Implementation	Implement recommendations in the 2002 Colorado drought mitigation and response plan. Program will be used to develop and implement a comprehensive and effective State drought plan.	Statewide	\$300,000
CWCB (Sec.5) Instream Flow Engineering and Tech. Support Services	Engineering support to assist staff in technical analysis and expert testimony needed to resolve instream water right acquisitions and appropriations.	Statewide	\$150,000
CWCB (Sec.6) Colorado River Augmentation Project Development	Support the Colorado river seven basin states in undertaking projects and studies for augmenting the water supplies of the Colorado river system. The seven basins will cost share all projects and studies.	Colorado River Basin	\$150,000
CWCB (Sec.7) Colorado River Compact and Mexican Treaty Issues	Funding for operating expenses & activities of Colorado's representatives associated with monitoring the Mexican Colorado River Treaty including development of shortage criteria for Mexico & protection of the Colo. River Delta	Statewide	\$150,000
CWCB (Sec.8) Colorado River Basin Water Needs Analysis	Continue to evaluate water availability in the Colorado river basin and its tributaries.	Colorado River Basin	\$500,000

CWCB (Sec.9) Continuation of the South Platte Decision Support System	Continue the development of the South Platte decision support system.	South Platte Basin	\$1,000,000
CWCB (Sec.10) Colorado River Compact State Water Rights Admin Issues/Options Study	Identify issues associated with the administration of state water rights in the Colorado river basin under terms of the Colorado river compacts, to evaluate options to avoid curtailment of uses and, if the compact terms fail to be met, curtail uses in an equitable manner.	Statewide	\$500,000
CWCB (Sec.11) Restoration of Flood Response Fund Balance	Refresh fund created to respond to flood events by documentation, forecasting, post flood mapping and flood mitigation.	Statewide	\$300,000
Local Communities (Sec. 12) Continuation of the Floodplain Map Modernization Program	Assist 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.	Statewide	\$500,000
CWCB (Sec.13) Continuation of the Colorado Flood Decision Support System	Continue developing a statewide decision support system to provide a clearinghouse of flood hazard information, flood outlook data, weather modification information, stream restoration facts and other flood related statistics to be used by engineers, floodplain managers and emergency response agencies.	Statewide	\$250,000
Water Conservation Districts (Sec.14) Continuation of the Weather Modification Program	Assist water conservation and conservancy districts with the development of cloud seeding programs to provide benefits to recreation, streams, and reservoirs through snowpack enhancement	Statewide	\$175,000
City of Greeley (Sec.15) Continuation of the Cache la Poudre River Floodway Project	Define specific improvement projects to reduce flood damage, restore the riparian environment, create recreation opportunities, improve water quality and other floodplain enhancements to the Cache la Poudre river in the City of Greeley	City of Greeley	\$150,000
CWCB (Sec.16) Climate Change Effects on Colorado Water Resources Study	Develop and implement a water adaptation strategy to address potential impacts from climate change and variability on Colorado's water resources.	Statewide	\$100,000
CWCB/Purgatoire River WCD (Sec.17) Purgatoire River Channel Capacity & Improvement Study	Participate in a U.S. Army Corps of Engineers study to determine the safe channel capacity of the Purgatoire River during flood releases downstream of Trinidad dam including through the City of Trinidad, and propose capacity enhancement projects.	Purgatoire Basin	\$50,000
CWCB/Southeastern Colorado WCD (Sec.18) Ark River Basin Water Quality Baseline Study	Conduct a study with the USGS to develop a reliable water quality data network and database for the Arkansas River basin by collecting and analyzing existing data sources and developing a strategy to fill data and analysis gaps.	Arkansas River Basin	\$100,000
CWCB (Sec.19) Wild and Scenic Rivers Study	Work with in-basin stakeholders to explore alternatives to wild and scenic designations, and to explore alternatives that would fall within the wild and scenic designation process.	Statewide	\$400,000

CWCB (Sec.20) High Resolution Gridded Sublimation Estimate Study	Provide high resolution estimates of processes that remove moisture from snowpack by developing & testing a low cost network of instruments for measuring snowpack moisture losses in the Colorado & S.Platte river basins.	Statewide	\$65,000
CWCB (Sec.21) Denver Basin Pumping Optimization Model	Perform groundwater modeling to optimize pumping locations and rates with respect to model-computed water level declines & storage depletions of the Denver Basin Aquifers	Denver Basin Aquifers	\$84,000
CWCB/Colorado Water Resources Research Inst. (Sec.22) Agricultural Water Conservation Clearinghouse & Canal Efficiency Study	Develop an internet web based searchable database of agricultural water conservation information and to develop management strategies for Sago pondweed, a submersed aquatic plant causing problems in irrigation canals along Colorado' front range.	Statewide	\$30,000
CWCB (Sec.23) Estimated 2005 Water Use in Colorado	Participate with the USGS to present the 2005 Colorado water-use data compiled for the USGS national water use information program in a published report specifically for Colorado to be used in decision support systems & other statewide programs.	Statewide	\$67,000
		Total	\$5,371,000

Other Provisions

Statutory Revisions: Three proposed revisions to the Colorado Revised Statutes are included in this year's bill to **1)** to provide contracting and spending authority for the CWCB to undertake mitigation and construction related activities, to effectuate the delivery of water stored in Chatfield Reservoir (**Sec.25/26**), **2)** to authorize the utilization of \$1 million from the Colorado Water Conservation Board Construction Fund for the purpose of acquiring water rights for instream flow purposes (**Sec.27/28**), and **3)** clarifies the requirement of covered entities to develop water conservation plans that minimally include certain plan elements (**Sec.30**).

Session Law Revisions: the bill amends the 2005 Water Projects Bill, SB05-084, revising a feasibility study from a reservoir study to a flood control mitigation study using authorized non-reimbursable funds (**Sec.24**).

Tamarisk Control Grant Program: authorizes the state treasurer to transfer \$1 million from the unobligated balance of the Severance Tax Operational Account into the CWCB Construction Fund for the purpose of funding a Tamarisk Control cost-sharing Grant Program (**Sec.29**).

Notes

Provisions included in the 2007 Construction Fund Projects Bill allow the CWCB to approve loans up to \$10 million without legislative authorization. A report detailing the 15 loans made in 2007, valued at over \$19 million, was presented to the House and Senate Agriculture Committees January 11, 2008. Copies of the report are available upon request.