

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

John W. Hickenlooper, Governor

Robert Randall, DNR Executive Director

James Eklund, CWCB Director

HOUSE BILL 17-1248

THE 2017 WATER PROJECTS BILL

Background

The General Assembly annually authorizes water project grants and loans from the Construction Fund and the Severance Tax Perpetual Base Fund. The Funds provide low-interest loans to municipalities, water districts, and agricultural water users throughout Colorado for a wide variety of water supply infrastructure projects. These loans have been used to finance engineering and construction costs for more than 525 locally sponsored water projects.

The CWCB is celebrating the first anniversary of Colorado's Water Plan. The Plan identifies an estimated \$20 billion to address the diverse consumptive and non-consumptive long-term needs of the State. This Bill includes several projects and programs that will advance this mission.

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 as a self-supporting agency and operate without money from the General Fund. Revenues come from interest earnings on outstanding loans and on the fund's cash balance in the state treasury. The Fund also receives royalty distributions from federal mineral leases.

The **Severance Tax Perpetual Base Fund** was established by the General Assembly in 1997. The Fund is administered by the CWCB and is a revolving loan fund that receives principal and interest on loans and investments in addition to funding from severance taxes paid by the producers of gas, oil, coal and other minerals.

Loan interest rates vary. As of January 2017, the rates are:

- 1.50 % for agricultural loans
- 2.0% to 3.0% for municipal loans
- 6.0% for commercial loans.
- 2.0% for hydroelectric projects

These rates are adjusted bi-monthly by the CWCB.



2017 Water Projects Bill Highlights

Provides \$164 million for Implementation of Colorado's Water plan, Water storage, Watershed health, Flood control programs, Monitoring of streams, Water supply forecasting, Federal cost sharing grants, Preserving agriculture, Feasibility studies, Water loss control methodology training, and other programs and projects.

For more information, contact Doug Vilsack, DNR Legislative Liaison (303) 866-3311 ext. 8664

Colorado Water Conservation Board
1313 Sherman Street, Room 718
Denver, CO, 80203
Phone: (303) 866-3441
FAX: (303) 866-4474
Internet: www.cwcb.state.co.us

The CWCB accepts applications for non-reimbursable projects and project loans over \$10 million on August 1st of each year. Applications for non-reimbursable projects are considered each year for Programs, Projects or Studies of statewide impact or importance.

Non-Reimbursable Project Investments			
Section 1. 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	\$380,000
Section 2. 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 share and in-kind services. This Program leverages four million dollars in local and federal funds annually.	Statewide	\$500,000
Section 3. CDSS Operation and Maintenance (Continuation)	Provides funding to continue the operations and maintenance of the Colorado Decision Support System (CDSS). The CDSS provides data and analytical tools to aid in water resources planning and management in the State.	Statewide	\$200,000
Section 4. Weather Modification 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 \$175,000 in local funds annually.	Statewide	\$175,000
Section 5. Colorado Mesonet	This project will provide funding for operation, maintenance, travel, communications, database and website management for temperature and precipitation stations referred to as the Colorado Mesonet, previously managed and operated by NOAA and currently proposed to be operated by the Colorado Climate Center at CSU.	Statewide	\$154,000
Section 6. Water Forecasting Partnership Project (Continuation)	This project will use modern technology to provide better characterization of snowpack, install new ground and aerial remote sensing data, and develop employee accepted hydrologic modeling practices, to provide more reliable volumetric water supply forecasting.	Statewide	\$800,000
Section 7. Alternative Agricultural Transfer Methods (ATMs) Grant Program (Continuation)	SB07-122 developed a competitive grant program within CWCB to advance various agricultural transfer methods as alternatives to permanent dry-up of agricultural lands. This additional funding allows for the continuation of the program.	Statewide	\$1,000,000
Section 8. 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.	Statewide	\$500,000

<p>Section 9. Colorado Water Loss Control Initiative</p>	<p>Water loss control has been identified in Colorado’s Water Plan. This funding will create statewide training workshops on the water loss control methodology (AWWA M36) and learn how to apply the methodology to their water system. Funding will also provide technical support to interested water providers in improving the management of their water systems. Multiple states are currently developing statewide water loss control training</p>	<p>Statewide</p>	<p>\$1,100,000</p>
<p>Section 10. Non-Potable Water Reuse Regulation Funding</p>	<p>Evaluating regulations to foster reuse of water supplies while protecting public health and the environment was a critical action identified in Colorado’s Water Plan. CWCB’s funding will support staff resources for completing the following activities in conjunction with stakeholders:</p> <ul style="list-style-type: none"> • Updating Regulation #84 to include new uses of non-potable water including toilet flushing, irrigation for edibles crops, and livestock wash down facilities. • Updating Regulation #86. CDPHE anticipates legislation associated with research uses of graywater. <p>Funding for these activities includes support managerial and staff participation in this effort.</p>	<p>Statewide</p>	<p>\$260,000</p>
<p>Section 13 & 14. Colorado Water Plan Funding Implementation</p>	<p>Requests the State Treasurer to transfer and appropriate \$25,000,000 from the Severance Tax Perpetual Base Fund, created under C.R.S. 39-29-109 (2)(a), to the Construction Fund, created under C.R.S. 37-60-121 (1)(a) to support the following activities: 1) \$10 million to supplement the <u>Water Supply Reserve Fund</u>, 2) \$5 million for the <u>Watershed Restoration Program</u>, 3) \$10 million for funding <u>Water Plan Implementation</u> efforts.</p> <ul style="list-style-type: none"> • \$2M for grant-making for multi-beneficial projects and those projects identified in basin implementation plans to address the water supply and demand gap • \$3M to Facilitate the development of Additional Storage, Artificial Recharge into aquifers, and Dredging existing reservoirs to restore decreed storage capacity; • \$1M to implement long-term strategies for conservation, land use, and drought planning • \$1M for Water Education, Outreach, and Innovation efforts; • \$1M to provide Technical Assistance and Project grants for Agriculture; • \$1M for Watershed health, Environment, and Recreation; • \$1M for the Statewide Water Supply Initiative (SWSI) Update 	<p>Statewide</p>	<p>\$25,000,000</p>
<p>Section 15. Restoration of Flood and Drought Response Fund Balance</p>	<p>Refreshes the fund created to respond to flood and drought events through documentation, forecasting, post flood mapping, hazard area identification, mitigation plans, and recovery activities.</p>	<p>Statewide</p>	<p>\$500,000</p>

Section 16. Restoration of Litigation Fund Cash Balance	Restore the CWCB Litigation Fund 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	\$1,300,000
Section 17. Feasibility Study Small Grant Fund (Continuation)	This Feasibility Study Small Grant Fund is to used encourage and support reconnaissance and feasibility planning of water projects by local water providers with an emphasis on water storage projects.	Statewide	\$300,000
Section 18. Fish & Wildlife Resources Fund (122.2) (Continuation)	Pursuant to C.R.S. 37-60-122.2 and CWCB Policy 15 and 20. The CWCB provides funding for the consideration and approval of Fish and Wildlife Resources Fund grant applications pursuant to statute.	Statewide	\$1,500,000
Recommended - Large Water Project Loans			
Section 11. Windy Gap Firing Project	Authorizes a loan for this regional water supply project that will improve the reliability of water supplies from the Windy Gap Project for its 13 municipal participants within the Northern Colorado Water Conservancy District - Municipal Subdistrict. The \$400 million project includes the construction of a new 90,000 acre-foot Chimney Hollow Reservoir located east of the continental divide and southwest of Loveland.	Statewide	\$90,000,000
Section 12. Rio Grande Cooperative Project (Continuation)	Authorizes and appropriates an additional \$10 million for the Rio Grande Reservoir rehabilitation portion of the Cooperative Project. The funds are to the San Luis Valley Irrigation District which owns the Reservoir. SB12-165 originally authorized a \$15 million funding package to the District. Final engineering estimates require an increase in the total project cost.	Statewide	\$10,000,000
Section 20. Creation of a Loan Guarantee Fund	The Fund will provide CWCB an opportunity to support a regional water project by homogenizing project participant's credit ratings and therefore lower the pooled financing market lending rates. It is anticipated that this may help leverage \$300 to \$400 million in market funds while lowering the overall cost of a regional water supply project.	Statewide	\$30,000,000
		Total	\$163,669,000

Notes: A small project loan report detailing the 13 loans made in calendar year 2016, valued at over \$19.5 million, is presented to the House and Senate Natural Resources Committees. A copy of the report is available on the legislative website at www.colorado.gov.