

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

John W. Hickenlooper, Governor

Robert Randall, DNR Executive Director

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SENATE BILL SB18-218 THE 2018 WATER PROJECTS BILL

Background

The General Assembly annually authorizes water projects from the Construction Fund and the Severance Tax Perpetual Base Fund. The CWCB provides low-interest loans to domestic and agricultural water providers for water supply projects. These revolving loan funds generate interest earning that are used for CWCB operations, programs, projects and grants to help implement the Colorado Water Plan. To date, over 600 loans have helped finance engineering, construction, and the purchase of water.

The CWCB is celebrating the second anniversary of Colorado's Water Plan. This Bill includes several projects and programs that will help implement the Plan including consumptive and non-consumptive projects and activities throughout the state.

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 without money from the state's General Fund. Revenues come from interest earnings and royalty distributions from federal mineral leases.

The **Severance Tax Perpetual Base Fund** was established by the General Assembly in 1997. The Fund is a revolving loan fund that receives revenues from interest earnings and from severance taxes paid by the producers of gas, oil, coal and other minerals. In early FY17/18 a majority of Severance Tax revenues were needed to pay refunds to oil and gas producers as a result of the BP America Supreme Court ruling in the spring of 2016. This has caused CWCB to reconsider funding commitments and strategically plan for a future with less Severance Tax revenue.

Small Project Loan Report - A report detailing the 15 loans made in calendar year 2017, showing over \$40.6 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.

Loan interest rates are adjusted bi-monthly by CWCB. As of March 2018, the rates are:

- 1.70 % for agricultural loans
- 2.40% to 3.10% for municipal loans
- 6.0% for commercial loans
- 2.0% for hydroelectric projects



2018 Bill Highlights

Provides \$49 million focusing on Implementation of Colorado's Water Plan. Including: Water storage, Watershed health, Environment and Recreation, Flood control/mitigation, Monitoring of streams, Conservation, Innovation, Water supply forecasting tools, Federal cost sharing grants, Preserving agriculture, Feasibility studies, Loans, and other programs and projects.

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The CWCB accepts applications for non-reimbursable project investments and project loans over \$10 million on August 1st of each year. Applications include programs, projects or activities of statewide impact or importance and are considered by the Board for inclusion in the annual Water Projects Bill.

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 cost share and in-kind services. This Program leverages four million dollars in local and federal funds annually.	Statewide	\$100,000
Section 3. Arkansas River Basin Decision Support System (ArkDSS) (Continuation)	The ArkDSS is a component of the CDSS. This funding continues implementation efforts as identified in the ArkDSS feasibility study completed in 2011. Implementation at this stage will include primary data collection and data compilation.	Arkansas	\$500,000
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 about one million dollars in local and out of state annually.	Statewide	\$175,000
Section 5. Colorado Mesonet Project (Continuation)	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 operated by the Colorado Climate Center at CSU.	Statewide	\$150,000
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. Lidar Acquisition	High quality topographic data is necessary to develop accurate FEMA flood hazard mapping. Additionally, the Colorado Hazard Mapping program relies on high quality elevation data for debris flow mapping and fluvial hazard mapping. The FEMA funds can be leveraged through the U.S. Geological Survey (USGS) 3D Elevation Program.	Statewide	\$200,000
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.	West slope	\$200,000

Section 9. Chatfield Downstream Channel Improvements (Continuation)	The CWCB owns land along the S. Platte River downstream of Chatfield Reservoir as a result of a 1990 Corp of Engineers-CWCB project. This funding will be used to honor contractual obligations with the COE for river maintenance below the dam.	South Platte	\$200,000
Section 10. South Platte High Ground Water Grants (Continuation)	This will make grant funding available for three years to implement the South Platte Basin Roundtable Groundwater Technical Committee's recommendations.	South Platte	\$500,000
Section 11. Central Water Conservancy District - Chatfield Reallocation Project (Continuation)	Provides assistance (up to \$511,894 in grant funding) to Central Colorado WCD to address the Chatfield Reservoir Reallocation Project cost increase. Central's ownership in downstream shares helps keep water in agriculture and in the South Platte through the Denver metro area for multiple beneficiaries.	South Platte	\$511,894
Section 12, 22, & 23. Colorado Water Plan Implementation Funding (Continuation)	Appropriates \$11M in grant making from the Construction Fund to support the implementation of the Colorado Water Plan by funding the following activities: <ul style="list-style-type: none"> • \$2M transfer from Construction Fund to the Water Supply Reserve Fund on June 30, 2018 for supplemental funding (Section 22); • \$2M for the Watershed Restoration program funding (Section 12); • \$3M to facilitate the development of additional storage, artificial recharge into aquifers, and dredging existing reservoirs to restore the reservoirs' full decreed storage capacity for multi-beneficial projects and those projects identified in basin implementation plans to address the water supply and demand gap. (Section 23) • \$1.0M to provide technical assistance, project, or program funding for agricultural projects. (Section 23) • \$1.0M for grant funding to implement long-term strategies for conservation, land use, and drought planning; (Section 23) • \$0.5M for grants for Water Education, Outreach, and Innovation efforts; (Section 23) • \$1.5M for Environmental, and Recreational projects; (Section 23) 	Statewide	\$11,000,000
Section 15 & 16. Chatfield Reallocation Ownership Cost Increase (Continuation)	This will fund the increased cost of CWCB ownership in the Project. The General Assembly has appropriated \$62M to date. This \$4M increase up to \$66M will allow CWCB to pay for its proportionate project cost increase and its assessments for the next ten years. Requires Sev. Tax transfer on June 30, 2018	South Platte	\$4,000,000 (Sev Tax)
Section 18. Republican River Matters	This will fund the states participation in Republican River matters.	Republican River Basin	\$8,000,000
Section 19. Restoration of Flood and Drought Response Fund Balance	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 up to \$500,000.	Statewide	\$500,000

Section 20. Restoration of Litigation Fund Cash Balance	Restore the CWCB Litigation Fund to \$2,000,000 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	\$2,000,000 (\$100K est.)
Section 21. Restoration of Feasibility Study Small Grant Fund Balance	This will restore the Feasibility Study Small Grant Fund to \$500,000 to encourage and support reconnaissance and feasibility planning of water projects by local water providers with an emphasis on water storage projects.	Statewide	\$500,000
Large Water Project Loan Authorizations (> \$10 million)			
Section 14. Arkansas River and Wildhorse Creek Levees Project	Authorizes a loan to the Pueblo Conservancy District to repair the levees within the City of Pueblo to bring them up to Federal Emergency Management Agency (FEMA) standards to provide flood protection to the City of Pueblo.	Arkansas	\$17,170,000 (Sev Tax)
Section 17. Chatfield Reservoir Reallocation - Loan Increases	The Project involves a partnership with the U. S. Army Corps of Engineers (Corps) and local water providers to reallocate of up to 20,600 acre-feet of existing flood storage to new water supply storage space in Chatfield Reservoir. The General Assembly originally authorized the Project loans in HB14-1333. This request is for authorization of loan increases for Project cost increases. The loans to be increased are: <ul style="list-style-type: none"> • Centennial Water and Sanitation District loan increase of \$9,046,267 to \$53,486,267 • Central Colorado Water Conservancy District loan increase of \$1,548,229 to \$29,999,929 • Castle Pines North Metro District loan increase of \$1,319,464 to \$7,773,364 	South Platte	\$11,913,960 (Sev Tax)

Other Provisions

Funds Transfer: Transfer \$30 million from the Loan Guarantee Fund to the Severance Tax Perpetual Base Fund to offset the low Sev Tax revenues on June 30, 2018. This will provide access to funds for standard water project loans. **(Section 13)**

Statutory Revision: Proposed revisions to the **CRS 37-60-119(2) Construction of Water and Power Facilities** make language consistent with other paragraph (1) in the Statute to beexcluding domestic water treatment FACILITIES and distribution systems.... **(Section 24)**

Statutory Revisions Proposed revision to **CRS 37-60-122.5 - Emergency dam repair cash fund** changing the maximum transfer amount from fifty thousand (to FIVE HUNDRED THOUSAND) and add the DIVISION OF WATER RESOURCES to the appropriation. **(Section 25)**

Statutory Revisions Proposed revision to **CRS 37-60-131(3) - Natural hazard Mapping - Fund** changing the repeal date from July 1, 2018 to JULY 1, 2019 and the associated transfer of funds back to the general fund from July 1, 2018 to JULY 1, 2019. **(Section 26)**

Statutory Revision: Proposed revisions to the Colorado Revised Statutes **CRS 9-22-2403 - Contributions credited to Colorado healthy rivers fund** adding language to allow CWCB funds to be CONTINUOUSLY APPROPRIATED. **(Section 27)**