

# COLORADO WATER CONSERVATION BOARD

## Department of Natural Resources

Jared Polis, Governor

Dan Gibbs, DNR Executive Director

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# SENATE BILL SB23-177

## THE 2023 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 then used for CWCB operations, programs, projects and grants to help implement Colorado's Water Plan. To date, over 650 loans have helped finance engineering, construction, and the purchase of water.

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 funding from the state's General Fund. Revenues come from interest earnings and royalty distributions from federal mineral leases.

The **Severance Tax Perpetual Base Fund (STPBF)** 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. SB21-281 directed the CWCB to use the STPBF to fund the Water Supply Reserve Fund (WSRF), the Interbasin Compact Committee Operation Fund (IBCC) and the Water Efficiency Grant Program from the STPBF.

**Small Project Loan Report** - A report detailing the 12 loans made in calendar year 2022, providing about \$26 million, was submitted to the General Assembly on January 15<sup>th</sup> 2023. A copy of the report is available on the legislative website at [www.colorado.gov](http://www.colorado.gov).

Loan interest rates are adjusted bi-monthly by CWCB. The rates mid-year 2022 were:

- 1.50% for agricultural loans and
- 2.20% to 2.80% for municipal loans
- 6.0% for commercial loans
- 2.0% for hydroelectric projects



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### 2023 Bill Highlights

*Includes \$82M funding for important CWCB Programs and Projects. Including: \$12.6M in Water Plan Grant funding; \$34M to help with threatened and endangered species; \$20M for the Arkansas Valley Conduit; \$2M for Water Plan Action Advancement items; \$1M for Water forecasting efforts; \$500K for Watershed Restoration efforts*

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Version 1.2 4/18/2023

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

<b>Non-Reimbursable Project Investments</b>			
<b>Section 1.</b> 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
<b>Section 2.</b> Floodplain Risk Management (Continuation)	Assists communities to revise and improve floodplain studies and maps. (f/n/a Map Modernization Program) Provides the required non-federal matching dollars that are further leveraged by local cost share and in-kind services. This Program expects to leverage \$10M in federal funding alone this year.	Statewide	\$500,000
<b>Section 3.</b> Weather Modification Permitting 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 funds annually.	Statewide	\$500,000
<b>Section 4.</b> 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	\$2,000,000
<b>Section 5.</b> Litigation Fund - Restoring Cash Balance (Continuation)	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	Up to \$2,000,000
<b>Section 6.</b> Colorado Watershed Restoration Program (Continuation)	Provides planning, engineering, implementation measures, aquatic habitat protection, restoration work, quantification of environmental flow needs, and monitoring efforts to address technical needs for watershed restoration and flood mitigation projects, and to support healthy stream and watershed goals outlined in Colorado's Water Plan.	Statewide	\$500,000
<b>Section 7.</b> Colorado Mesonet Enhancements (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
<b>Section 8.</b> 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	\$1,000,000

<b>Section 9.</b> DWR Mobile Field Data Collection App	This funding will enable the Division of Water Resources (DWR) to create a mobile application (App) for iOS and Android that will allow DWR staff to perform the many tasks they perform in the field more efficiently and provide real time information available.	Statewide	\$800,000
<b>Section 10.</b> Colorado Water Plan Implementation Grants (Continuation)	This will transfer \$2M from the Construction Fund (CF) to the Water Plan Implementation Cash Fund to provide additional grant funding for projects that assist with the implementation of the Colorado Water Plan through CWCB's Application and Guidelines process.	Statewide	\$2,000,000
<b>Section 11.</b> Reservoir Enlargement Assessment Project (Continuation)	DWR's Comprehensive Dam Safety Evaluations (CDSE) tools provide for risk-informed decision making in reservoir enlargement planning, spillway adequacy, and protection of life and property. This will be used on a prioritized list of high hazard dams that show a likely potential for enlargement. These studies will serve a dual function of defining potential enlargement quantities and identifying components of the structure that may need to be modified as part of a safe enlargement scenario.	Statewide	\$1,000,000
<b>Section 12.</b> Platte River Recovery Implementation Program	This will fund the Platte River Recovery Implementation Program to implement certain aspects of the U.S. Fish and Wildlife Service's recovery plans for three threatened or endangered species (Whooping Crane, Pallid Sturgeon, Piping Plover), while providing Endangered Species Act compliance for Colorado water projects.	South & North Platte Basin	\$19,000,000 (Sev Tax Fund)
<b>Section 13.</b> UCR & SJR Recovery Programs	The Upper Colorado River Endangered Fish Recover Program and San Juan River Basin Recovery Implementation Program (Recovery Programs). They provide Endangered Species Act compliance for Colorado water users. It is critical that Colorado maintains regulatory certainty, while contributing to the protection of four endangered/threatened fish species.	Statewide	\$15,000,000 (Sev Tax Fund)
<b>Section 14.</b> Arkansas Valley Conduit	Authorizes an additional \$20M grant to the Southeastern Colorado Water Conservancy District or to Otero County to provide non-federal cost share funding for this important component of the Frying Pan - Arkansas Project. This project will help bring quality drinking water to six counties in the lower Arkansas Valley. This is in addition to the \$10M grant and \$90M loan approved in HB20-1403.	Arkansas Basin	\$20,000,000 (Sev Tax Fund)
<b>Section 15.</b> Augmentation Efficiency Project	Authorizes a \$3M grant to the Groundwater Management Subdistrict (GMS) of the Central Colorado Water Conservancy District (CCWCD) to improve the efficiency and effectiveness of its augmentation plans. The grant will help offset an estimated project cost of \$13M. The project includes pipelines, augmentation wells, and groundwater recharge sites to improve the timing and location of replacement water.	So. Platte Basin	\$3,000,000

<p><b>Section 16.</b> Water Plan Action Advancement</p>	<p>The 2023 Colorado Water Plan includes the need to implement identified actions. This funding will help advance actions and related work (i.e. developing tools, convening stakeholder groups, research, data analysis) that are described in Water Plan. This includes:</p> <ul style="list-style-type: none"> <li>• <b>Vibrant Communities:</b> Municipal Water Conservation Standards Evaluation</li> <li>• <b>Robust Agriculture:</b> Economic Analysis of Agricultural Opportunities</li> <li>• <b>Thriving Watersheds:</b> Watershed Planning Platform</li> <li>• <b>Resilient Planning:</b> Drought Ready Communities Framework</li> </ul>	<p>Statewide</p>	<p>\$2,000,000</p>
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## Other Provisions

### Section 17.

**Water Plan Implementation Cash Fund Appropriation** - This will appropriate 25.2.6M. This is an accumulation of sports betting revenues (\$10.6M) and Construction Fund (\$2M) and \$12.6M from the Severance Tax Operational Fund. This Cash Fund makes grant funding available for projects that assist with the implementation of the Colorado Water Plan through CWCB's Application and Guidelines process.

### Section 18.

**Chatfield Reservoir Reallocation Project - Orphan Shares Purchase** - This will appropriate funding for Colorado Parks and Wildlife (CPW) to purchase of up to 924AF Orphan Shares owned by CWCB.