

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

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SENATE BILL SB25-283

THE 2025 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 700 loans totaling \$1.3 billion have helped finance engineering, construction, and the purchase of water.

The **Construction Fund (CF)** 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 new loans made in calendar year 2024, providing about \$27 million, was submitted to the General Assembly on January 15, 2025. A copy of the report is available on the legislative website at www.colorado.gov.

Loan interest rates are adjusted bi-monthly by CWCB. The rates mid-year 2023 were:

- 2.05% for Agricultural loans and
- 2.90% to 3.7% for Municipal loans
- 6.0% for Commercial loans
- 2.0% for Hydroelectric projects



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2025 Bill Highlights

Includes nearly \$69M in funding for important CWCB Programs and Projects. Including: \$29M in Water Plan Grant funding; \$1.4M for a Statewide Turf Analysis; \$2M for Water Forecasting; \$5.5M for Water Plan Update Efforts; \$5M for Wildfire Ready Watershed Efforts, \$2M for the Yampa River/Walton Creek Confluence Restoration Project, \$6M to assist the Republican River WCD in Reducing Irrigation Wells

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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. 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.

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 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
Section 3. 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
Section 4. 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
Section 5. 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	\$200,000
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	\$2,000,000
Section 7. Arkansas River Decision Support System (Continuation)	The Arkansas River Basin Decision Support System (ArkDSS) is the last DSS to be developed in Colorado's DSS. This funding continues implementation efforts as identified in the ArkDSS feasibility study completed in 2011. The goal of this phase is to continue groundwater data collection, analysis and model development, updates and maintenance for prior phases of ArkDSS (StateMod and administrative tools), and continue development for scenario planning tools, Colors of Water, and the Operations Dashboard.	Arkansas	\$300,000

Section 8. Technical Assistance for Federal Cost-Share Program (Continuation)	These funds will continue to provide technical assistance for applicants seeking competitive federal grant funds to increase the success rate. Successful participants in these federal programs may also need a CWCB loan to finance a portion of the non-federal implementation costs.	Statewide	\$500,000
Section 9. DSS Model Enhancements to Support the Colorado Water Plan (Continuation)	This effort would undertake technical updates to refine and extend the existing DSS model to complete the Technical Update to the Colorado Water Plan.	Statewide	\$1,000,000
Section 10. Technical Update and BIP Updates	The Analysis and Technical Update evaluates baseline data to determine existing and future water demands and supplies. As part of this analysis, key water supply and demand drivers and trends will be analyzed to evaluate major changes over time. The last Technical Update was completed in 2019, but the proposed approach has significantly advanced to estimating future water needs by integrating population, climate and other data from partner agencies, in particular integrating data provided by the Division of Water Resources (DWR) for consumptive use and surface water allocation models. It will also be updated to include a range of updated scenarios that consider the effects of climate change on water supply. As in past efforts, CWCB will use a Technical Advisory Group (TAG) process to develop methodologies and assumptions for analysis. The timeframe estimated to complete this work is from mid-2025 through 2029. The Basin Implementation Plan (BIP) Updates will begin as the Technical Update is being completed and will focus primarily on updating basin challenges, goals, and strategic vision for the basin. The estimated timeline to complete this work is 2029-2031.	Statewide	\$4,500,000
Section 11. Colorado Watershed Restoration - Wildfire Ready Watersheds (Continuation)	Provides CWCB with funds for 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	\$5,000,000
Section 12. Statewide Turf Analysis	As Colorado pursues the removal and replacement of nonfunctional turf, only estimates about the total amount of irrigable turf are available. These funds will support an analysis to answer key questions related to the amount of irrigable turf in Colorado. Understanding the total amount of irrigable turf, nonfunctional turf, tree canopy, other vegetation types, and pools in Colorado's populated areas is a matter of statewide interest because it will allow for a better understanding of the outdoor landscape water use, possible water savings from turf replacement and the associated costs.	Statewide	\$1,400,000

Projects Bill Grants			
Section 13. Scaling CO Soil Health	Colorado Department of Agriculture will use these funds to continue the CSHP, leveraging funding and efforts to date. CDA requests these funds to Improve soil health on 6,000 additional acres of crop or rangeland. Engage 100 additional producers. Support 5 local partner organizations in expanding soil health capacity.	Statewide	\$500,000
Section 14. Yampa River/Walton Creek Confluence Restoration	This is a multi-benefit river and wetland restoration project at the Yampa River and Walton Creek confluence. It encompasses 105 acres of channel, floodplain, and riparian improvements on open space lands owned by the City of Steamboat Springs and protected by conservation easements. The complex river and wetland systems located at the confluence property and the adjacent Williams Preserve present a unique opportunity within Colorado for large-scale ecological restoration. The project will reduce non-natural ponds and backwaters remnant from mining that are significant sources of northern pike spawning, contributing to increased predation on native and sport fish throughout the Yampa River and on Colorado River endangered fish species.	Local	\$2,000,000
Section 15. Retirement of Irrigated Acres in the SFFZ	The Republican River Compact Administration Resolution requires 25,000 irrigated acres to be retired in the South Fork Focus Zone (SFFZ) by the end of 2029. Between 2016 and 2021, the Republican River Water Conservation District (District) retired 3,432 acres through water conservation program contracts. The District has increased Water Use Fees to provide a higher monetary incentive per acre to reach the first deadline of 10,000 acres, by 2024. The District has utilized federal funding including American Rescue Plan Act (ARPA) to retire 13,633 irrigated acres in the SFFZ, totaling 17,065 acres permanently retired from irrigation by July 2024. The CWCB requests additional funding to assist the District retiring the final 7,935 acres. If the 2029 Resolution deadline is not met, the State of Colorado would be declared out of compliance with the Republican River Compact. If this occurred, irrigators and municipalities in the Republican River Basin would likely face curtailment by the State Engineer.	Statewide	\$6,000,000
Loan Above \$10M			
Section 16. Park Creek Expansion Project	Authorizes a loan to the North Poudre Irrigation Company to increase the storage capacity of Park Creek Reservoir by 3,000 AF. The 5,000AF reservoir is located in Larimer County. The project will allow the Company to store to its full decreed storage right of 8,217 AF. Construction includes a parapet wall along with other modifications to the reservoir shoreline and spillway.	So. Platte	\$12,978,500 (Loan)

Other Provisions

Section 17.

Water Plan Implementation Cash Fund Appropriation - This will appropriate \$29.2M of sports betting revenues within the Cash Fund to make grant funding available for projects that assist with the implementation of the Colorado Water Plan through CWCB's Application and Guidelines process.

Section 18.

Technical Changes to Statute - This will align statute with current CWCB operations concerning the Water Conservation Program, the Water Efficiency Grant Program, and the Interbasin Compact Committee (IBCC). Technical updates to the Projects Bill allows DNR to update statute to match current CWCB operations.