

FACT SHEET

Paying for the Colorado Water Plan

Supporting projects and programs with cash funds

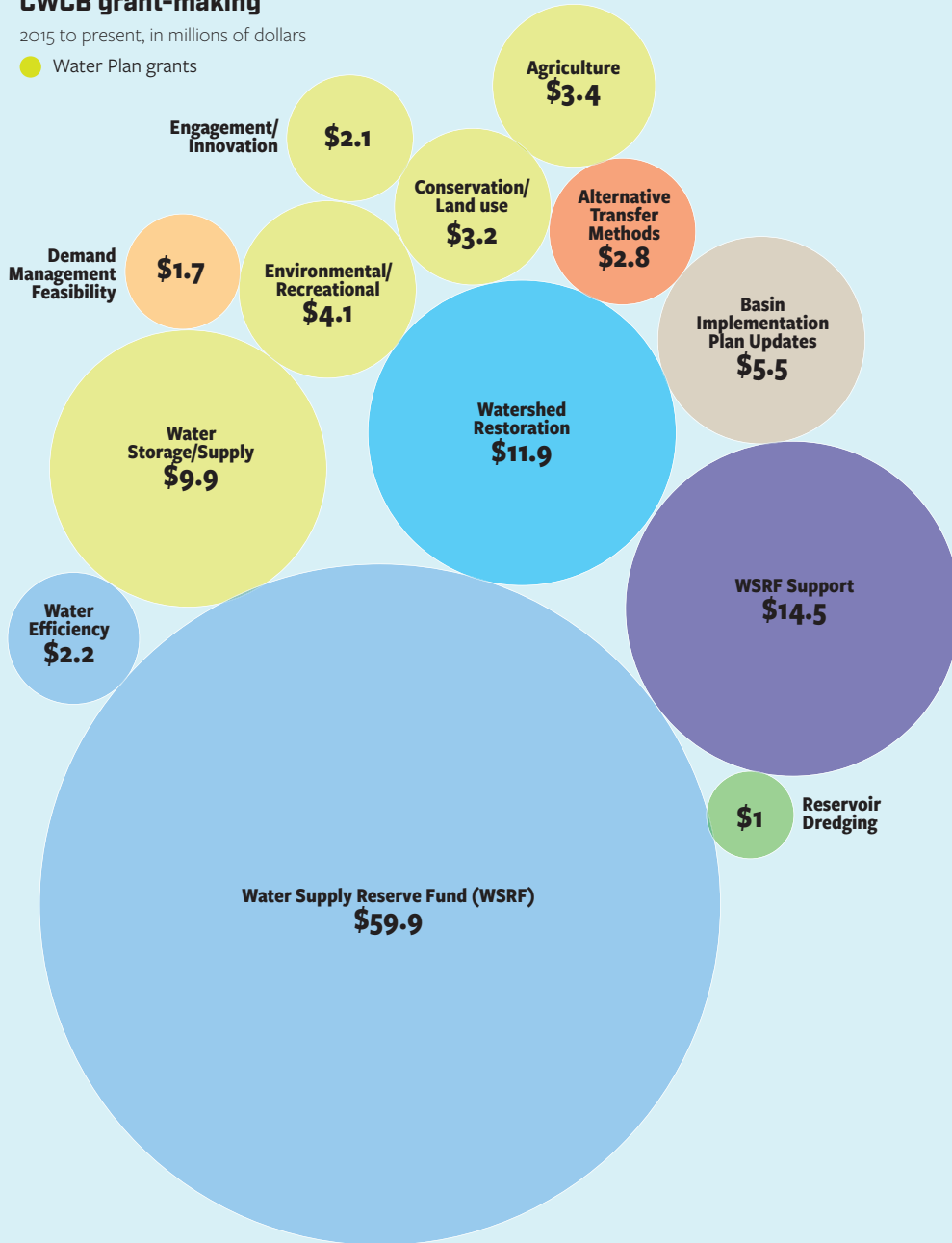
Since it was completed in 2015, stakeholders across the state have been implementing the Colorado Water Plan through projects to meet water challenges. The goal: sustain agriculture, cities, the environment, recreation and the economy. Projects include new or expanded water storage, stream restoration work and studies, ditch surveys, alternatives to agricultural water transfers, water education, and many others.

That work costs money. Although water plan implementation occurs primarily through local or private projects, state funding through grants and loans makes much of that work possible. Since 2015, the Colorado Water Conservation Board's (CWCB) grant and loan programs have focused on projects that meet water plan goals. Between 2015 and July 2020, the agency loaned more than \$413 million and, through various grant programs, granted more than \$122 million—including \$38.8 million through the Colorado Water Plan Grant program established in 2017.

CWCB grant-making

2015 to present, in millions of dollars

● Water Plan grants



BY THE NUMBERS

128

Projects have been supported by the Colorado Water Plan Grant program since its creation in 2017.

91

Loans have been provided by the CWCB since 2015. These loans can be a vital funding source, but many project proponents also receive loans from other agencies and private sources.

624

Projects have been supported by Water Supply Reserve Fund (WSRF) Grants since 2015. Basin Roundtables allocate some of this money, locally prioritizing projects.

980+

Projects have been supported by CWCB grants since 2015, including stream management plans, engineering studies, infrastructure upgrades, education initiatives and more.

Better Cost Estimates for Planned Projects: A Wildly Important Goal

When the water plan was published, the Colorado Water Conservation Board (CWCB) set the goal to sustainably fund its implementation with \$100 million annually for 30 years. They forecasted a cost of \$20 billion to implement the plan, but estimated that \$17 billion would come from private parties, project proponents, ratepayers, matching funds, and other sources. That leaves \$3 billion to be supported by state funding by 2050.

Colorado still hasn't met that funding goal, but the estimate is changing. The CWCB and Basin Roundtables are creating an evolving database of water projects and their associated price tags, with roundtables using the new Colorado Water Project Cost Estimating Tool to more consistently estimate costs. Every project listed in

Basin Roundtables' Basin Implementation Plans (BIPs) is now required to have an accompanying price estimate—only 16% of projects listed in the 2015 water plan's BIPs provide any projected costs.

By the end of June 2021, the CWCB and Basin Roundtables aim to identify 500 projects with accurate cost estimates across the state—including 160 that are ready to launch. This is in response to one of Governor Polis' Wildly Important Goals (WIGs), known as the "Water WIG." This dynamic database will be released alongside the updated water plan in 2022 and will continue to change as projects progress. Projects will be tiered by readiness, giving the CWCB and Basin Roundtables a sense of immediate and long-term funding needs and a list of shovel-ready projects.

What does the water plan cost?

The 2015 water plan estimates that it will cost \$20 billion to implement the plan. Of that, \$17 billion will come from project proponents, water providers, ratepayers, and others, while \$3 billion will be state-funded. With \$122 million in CWCB grants distributed since 2015, the state is still far from fully funding the plan. However, more accurate cost estimates are expected with the water plan update in 2022.

\$20 billion to implement the water plan

\$17 billion was projected to come from local/private funding

\$3 billion needed in state funding

Direct funding to date: \$122M in grants awarded by CWCB since 2015

RESOURCES

Colorado Water Plan: <https://bit.ly/2L3cU1S>

Colorado Water Project Cost Estimating Tool: <https://bit.ly/3iWuZeB>

CWCB Loans and Grants: <https://bit.ly/2NoEZrj>

CWRPDA Financing: <https://bit.ly/3cJ28cn>

CDPHE Water Quality Grants and Loans: <https://bit.ly/3oN09qo>

Grants vs. Loans vs. Bonds

A **grant** is a financial award that the recipient does not have to repay, though it may require local matching funds. A **loan** is borrowed money that must be repaid with interest. The Colorado Water Conservation Board (CWCB), Colorado Department of Public Health and Environment, Colorado Water Resources and Power Development Authority (CWRPDA),

and others offer low-interest loans and various grant programs for water projects. **Bonds** are similar to loans, but money is borrowed from the public instead of from a single source. Bonds are tradeable, with an interest rate that's informed by bond market conditions. CWRPDA offers a Water Revenue Bonds Program to finance up to \$500 million.



How is the Colorado Water Plan funded?

Before 2019, state water plan funding came primarily through severance tax revenue from oil and gas activities and funds set aside by the Colorado Legislature. As the result of a "Yes" vote on Colorado Proposition DD in 2019, Colorado now allows sports betting and levies a 10% tax on casinos and sportsbooks that conduct this type of gambling operation, capped at \$29 million per year. Over 65% of the collected tax from this measure is used to fund the Water Plan Implementation Cash Fund, the newly created fund that is administered by the CWCB for water projects across the state. The fund can be used for grantmaking through the Colorado Water Plan Grant program; expenditures related to compliance with interstate and federal water compacts, and storage; and administration. While DD could tax up to \$29 million, before it passed, fiscal analysts estimated that it would bring in \$6–11 million annually for the first few years. During the first half of the fiscal year, July–December 2020, Colorado collected \$3.1 million in sports betting tax revenue.