



Effective Date: September 22, 2016

1st Rev: 10-6-2016

2nd Rev: 5-5-2017

3rd Rev: 10-24-2017

WATER SUPPLY RESERVE FUND

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Introduction

Senate Bill 06-179, adopted by the 2006 General Assembly, created the Water Supply Reserve Account, now called the Water Supply Reserve Fund (per SB13-181) (WSRF). The legislation, codified at 39-29-109(1)(a)(III), C.R.S., directs the State Treasurer to annually transfer ten million dollars from the Operational Account of the Severance Tax Trust Fund to WSRF. Any balance remaining in the Fund at the end of any fiscal year shall remain in the Fund. Senate Bill 09-106 removed a sunset provision and provides for continuous appropriation of \$10 million (subject to availability).

Monies in the Fund are continuously appropriated to the CWCB for loans or grants for water activities approved by the Basin Roundtable in which the water activity would occur. The legislation requires the CWCB, in consultation with the Interbasin Compact Committee (IBCC) to jointly establish criteria and guidelines for allocating moneys from the WSRF. This document establishes the required criteria and guidelines developed jointly by the IBCC and the CWCB. In approving loans or grants from the WSRF, the CWCB will apply the criteria and guidelines described in this document.

To help ensure opportunities for roundtables to seek funding in an orderly fashion and at the same time to encourage competitive water activities from every river basin, the CWCB will administer two accounts in the WSRF. A Statewide Account will be used to fund water activities from any roundtable on a competitive basis, based on the eligibility requirements in this section and the evaluation criteria outlined in this document. Basin Accounts will be established for each of the 9 roundtables to be used to fund water activities within any designated roundtable on a competitive basis based on the eligibility requirements in this section and the evaluation criteria outlined in this document.

The Statewide Account will receive 64% of the allocated WSRF funding and the Basin Accounts as a whole will receive 36%. This allocation is subject to revision when circumstances warrant. The WSRF is a Severance Tax “Tier II” Program with 40% of allocated funds distributed on July 1st, 30% on January 1st, and the final 30% on April 1st. All fund distribution is subject to availability based on severance tax revenue collections.

Eligibility Requirements:

In order to receive funding from WSRF, a water activity must satisfy the eligibility requirements described below.



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General Eligibility: The following requirements are established by either SB 06-179 or CWCB/IBCC policy.

- (A) The application for a grant or loan must be approved by the roundtable for the basin in which the water activity would occur before it is submitted to the CWCB.
- (B) The water activity must assist in meeting the basinwide consumptive or nonconsumptive water supply needs identified by the roundtable under 37-75-104(2)(c), C.R.S. in cooperation with ongoing statewide water supply initiatives (SWSI), or needs identified in Basin Implementation Plans (BIPs) or Colorado's Water Plan.
- (C) Both structural and nonstructural projects and methods are eligible for WSRF funding.

Entity Eligibility: Entities that may apply for grants or loans from the Fund include:

- (A) Public (Government) - municipalities, enterprises, counties, and State of Colorado agencies. Federal agencies are eligible entities, but the agency would need to demonstrate why a local non-federal partner should not be the grant recipient. Federal agencies are encouraged to work with local entities.
- (B) Public (Districts) - authorities, Title 32 special districts, conservancy, conservation, and irrigation districts, and water activity enterprises.
- (C) Private Incorporated - mutual ditch companies, homeowners associations, and non-profit corporations.
- (D) Private not incorporated - individuals, partnerships, and sole proprietors are eligible for Basin Funds but not for Statewide Funds.
- (E) Non-governmental organizations are typically non-profit but they may also include for-profit corporations.
- (F) Covered Entities as defined in Section 37-60-126 C.R.S., are eligible for grants or loans if the applicant has adopted an approved water conservation plan.

Water Activity Eligibility: Examples of eligible water activities are listed but expressly not limited by SB 06-179. The following are examples of eligible water activities.

- (A) Competitive grants for environmental compliance and feasibility studies.
- (B) Technical assistance regarding permitting, feasibility studies, and environmental compliance.
- (C) Studies or analysis of structural, nonstructural, consumptive, and nonconsumptive water needs, projects or activities.



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- (D) Structural or nonstructural projects or activities.
- (E) Grants to promote education and outreach, if the proposed activity is consistent with the applicable roundtable's current Education Action Plan, as determined by the roundtable's Public Education, Participation and Outreach (PEPO) liaison or Outreach Committee.

Eligibility Based on Funding Match Requirements:

Requests from Basin Accounts: For requests for funding only from a basin roundtable account, the applicant must demonstrate at least a 25% match. The match may be provided by the applicant or a third party and may consist of any combination of cash, in-kind services or in-kind materials. The following expenses will not qualify as in-kind contributions: general organizational operating costs such as utilities; operating supplies and services; amortization costs or rental costs for buildings and equipment; general property and liability insurance costs; overhead percent charges used to cover such items. Any matching contributions not provided by the applicant must be accompanied by a letter of commitment, or a letter of pending commitment from the contributing entity.

Waivers: The CWCB Board may allow a waiver for the 25% Basin Account match requirement. To obtain a waiver, the applicant must: 1) request a waiver from the Roundtable and CWCB Board; and 2) demonstrate that the matching requirement imposes a significant financial hardship on the applicant; and 3) obtain a written justification from the Roundtable supporting the waiver and recommending the water activity for approval as provided in the Roundtable Recommendation Letter; and lastly 4) obtain approval for the waiver from the CWCB Board.

Requests from the Statewide Account: For requests for funding from the Statewide Account, the applicant must demonstrate at least a 50% match of the Statewide Account grant request. At least of 10% of the required match shall be cash from Basin Account funds; and at least 10% of the required match shall be provided by the applicant or a third party in any combination of cash, in-kind services or in-kind materials. The remaining 30% of the required match may be provided from any other source, including cash from the Basin Account, or any combination of cash, in-kind services, or in-kind materials. If the grant request involves multiple basins, the 10% Basin Account match requirement may be divided among the basins as approved by the respective Roundtables. The following expenses will not qualify as in-kind contributions for the purposes of this match requirement: in-kind services from roundtable members for the purpose of meeting the 10% minimum of the Basin Account requirement; general organizational operating costs



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such as utilities; operating supplies and services; amortization costs or rental costs for buildings and equipment; general property and liability insurance costs; overhead percent charges used to cover such items. Any matching contributions not provided by the applicant must be accompanied by a letter of commitment, or a letter of pending commitment from the contributing entity.

Waivers: The CWCB Board may allow a waiver for one-half of the total Statewide Account match requirement of 50%. To obtain a waiver, the applicant must: 1) request a waiver from the Roundtable and CWCB Board; and 2) demonstrate that the matching requirement imposes a significant financial hardship on the applicant; and 3) obtain a written justification from the Roundtable supporting the waiver and recommending the water activity for approval as provided in the Roundtable Recommendation Letter; and lastly 4) obtain approval for the waiver from the CWCB Board. If a waiver by CWCB is approved, at least 5% of the required match shall be cash from the Basin Account funds, and at least 5% of the required match shall be provided by the applicant or a third party in any combination of cash, in-kind services, or in-kind materials. The remaining 15% of the required match may be provided from any other source, including cash from the Basin Account, or any combination of cash, in-kind services, or in-kind materials.

Recognizing the limited resources of some entities, past expenditures directly related to the water activity may be considered as matching funds if the expenditures occurred within 9 months of the date the contract or purchase order between the applicant and the State of Colorado is executed (this applies to both Basin Account requests and Statewide Account requests).

Requests Related to Basin Implementation Plans: For requests that result directly from Basin Implementation Plans, and are initiated by the respective Roundtable, all funds needed to complete the proposed water activity may be provided from the WSRF with the Statewide Account providing 33.3% of the funding and 66.7% from the Basin Account.

Evaluation Criteria: The proposed water activity shall be evaluated based upon how well the proposal conforms to Colorado's Water Plan criteria for state support, including funding, of projects (Colorado's Water Plan, Section 9.4, pp. 9-43 to 9-44;), and how well the proposed water activity meets the Goals and Measurable Outcomes of their respective Basin Implementation Plan.

The criteria for state support, including funding, are as follows:

Does the project proponent demonstrate a commitment to collaboration? Does the project proponent:



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- address more than one type of need;
- involve multiple participants where appropriate;
- consult with a broad set of local stakeholders and local governments before or early in the regulatory process (examples of stakeholders include relevant basin roundtables, water users, conservation groups, and community groups); or
- provide meaningful opportunities for input

Does the project proponent address an identified water gap? Is the project:

- included in a BIP;
- identified as meeting a defined need in a basin needs assessment;
- identified as meeting a defined need identified in the SWSI; or
- identified as part of the no-and low-regrets scenario planning process?
-

Does the project proponent demonstrate sustainability? Does the project proponent:

- adopt an integrated plan or plans geared toward implementing the conservation best practices at the high customer participation levels, as defined in the SWSI;
- avoid adverse effects to environmental and recreational interests or adopt environmental, watershed health, and recreational mitigation in the planning phase of the project, prior to consideration in the permitting phase of alternatives that minimize or avoid adverse effects (project proponents should consider use of existing tools if available, such as stream management plans that follow state guidance, instream flow water rights, water leasing, restoration, infrastructure upgrades, and consumptive use efficiencies);
- avoid impacts to, mitigate, or enhance water quality, such as exceeding water quality standards or impairment of classified uses;
- mitigate or avoid economic and social impacts on agricultural and rural communities;
- maximize the use of water resources (through reuse, firming the yield of existing supplies, water sharing arrangements, improving or modernizing aging infrastructure, or aquifer storage and recharge projects);
- partner with the local government(s) being served by the water project to incorporate best water use practices into land use planning efforts (these practices are included in water and land use trainings offered by CWCB and DOLA as described in Section 6.3.3); or



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- demonstrate that the project will not unreasonably increase the risk of non-compliance with any interstate compact or the curtailment of existing water rights

Does the project proponent establish the fiscal and technical feasibility of the project? Does the project proponent demonstrate:

- over-all cost-effectiveness;
- local investment or contribution;
- financial capability to repay debt (bonds, loans, or other debt instruments);
- an intent to leverage any state grant or loan with private, local, or federal funding;
- technical and legal availability of water supplies for the project; or
- readiness to proceed upon receipt of necessary funding and permits (i.e. completed preliminary planning and design work, obtained necessary water rights, secured necessary financial commitments)

Application Process

Roundtable Recommendations: Applications for WSRF funding must be evaluated and recommended for approval by the Roundtable where the eligible water activity will occur. Each Roundtable may use an evaluation process which reflects its unique needs, priorities, guidelines, document submittal and time line requirements. However, since the WSRF involves public funds, each Roundtable must have an evaluation process that includes a written conflict of interest policy. The policy must require any Roundtable member who has a direct or indirect financial interest in the funding request to disclose the interest to the Roundtable, abstain from voting on the application, and refrain from attempting to influence the decisions of other members of the Roundtable in voting on the application. If the Roundtable itself is seeking funding from WSRF at or greater than \$100,000, some sort of competitive selection process must be used to select a recommended contractor.

Applicants should contact the applicable Roundtable and CWCB staff early in the process, several months before the applicant would like to begin the project.

A Roundtable must accept and then evaluate the application using the Roundtable's process. The Roundtable must determine if the application meets the eligibility requirements described in this document, including the requirements for matching funding. If the application is recommended for approval, the Roundtable must provide a written recommendation to the CWCB signed by the Roundtable Chair. The letter of recommendation must specify the amount of grant funding



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requested from the Basin Account and/or the Statewide Account and describe how the water activity satisfies the statutory eligibility requirements. The letter should describe the level of agreement among Roundtables members, who opposed the application and why, and any minority opinion. If the applicant is requesting a waiver of either the Basin Account match requirement, or a portion of the Statewide Account match requirement, the letter of recommendation shall reflect the waiver request and shall provide a justification for the request as determined by the Roundtable.

The applicant must ensure delivery of the Roundtable Recommendation Letter to CWCB. If the Roundtable evaluation process requires the applicant to revise the submittal documents, the applicant must provide these revised documents to CWCB by the appropriate submittal date.

Application forms are available on the CWCB website at:

<http://cwcb.state.co.us/LoansGrants/water-supply-reserve-account-grants/Pages/main.aspx>.

CWCB: After recommendation for approval by the Roundtable, the applicant is required to submit to CWCB the following documents:

Required Documents:

- Application
- Exhibit A
 - Statement of Work
 - Budget (Excel and pdf format)
 - Schedule
- Maps (if applicable)
- Letters of (pending) Commitment (matching funds)

Optional Documents

- Photos
- Drawings
- Letters of Support

Financial Documents Required for Contract Execution

- Certificate(s) of Insurance to include general, auto, and workers compensation coverages
- Certificate of Good Standing
- W-9
- Independent Contractor Form (IC Form) – (Only applies for Individual Person)



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After approval by the Roundtable, the Roundtable Chair is required to submit to CWCB the following documents:

- Roundtable Recommendation Letter

The process at the CWCB will include the following steps:

1. CWCB staff will determine if the required documentation has been submitted. The application will be accepted once all documentation has been received.
2. CWCB staff will evaluate the application based on the criteria described in this document.
3. CWCB staff will develop a recommendation to the Board for full or partial funding or for denial of funding.
4. CWCB staff will prepare a *Water Activity Summary Sheet* for the Board that contains the application, the Required Documents and Optional Documents listed above, and an explanation of the staff's recommendation for Board action.
5. CWCB staff will notify the applicant of the staff's recommendation and of the date and time when the Board will consider the application. While CWCB staff has primary responsibility for presenting the application to the Board, the applicant is encouraged to attend the meeting in the event an opportunity to address the Board is provided.
6. The Board will take action on the application during the appropriate Board meeting as described in the Review Schedule below. The Board has the discretion to approve or deny any WSRF application for funding and is the final decision-making authority with regard to WSRF funding.
7. Within 30 days after the Board meeting, CWCB staff will notify the applicant in writing of the Board's decision and proceed to the contracting phase of the process if funding was approved.

CWCB Review Schedule: The CWCB will make decisions for allocation of funds from Roundtable Basin Accounts or for Basin Implementation Plans during any of its scheduled meetings. The CWCB will make decisions for allocation of funds from the Statewide Account at its March and September meetings. The table below lists the submittal deadlines for the respective Board meetings.



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WSRF Submittal Dates and Board Meeting Schedule		
CWCB Meeting	Submittal Date	Type of Request
January	December 1	Basin Account/BIP
March	February 1	Basin/Statewide Account/BIP
May	April 1	Basin Account/BIP
July	June 1	Basin Account/BIP
September	August 1	Basin/Statewide Account/BIP
November	October 1	Basin Account/BIP

Grant Administration

Contracting:

After approval or conditional approval of funding by the Board, CWCB staff will direct the applicant to revise and supplement submitted documents if required for issuance of a purchase order or execution of a contract. Grants less than \$100,000 will be completed by use of a purchase order. Grants for \$100,000 or more will require execution of a contract.

Successful applicants are expected to execute a contract with CWCB within 6 months of award. If a grant is not executed within this timeframe, CWCB staff may revert the funds back to the appropriate accounts, after consulting with the respective Roundtable.

Reporting Requirements:

Progress Reports: The applicant shall provide the CWCB a progress report every 6 months, beginning from the date of issuance of a purchase order, or the execution of a contract. The progress report shall describe the status of the tasks identified in the statement of work, including a description of any major issues that have occurred and any corrective action taken to address these issues. Applicants are required to submit Progress Reports to their respective Roundtable (s) and the CWCB. The CWCB may withhold reimbursement until satisfactory progress reports have been submitted.



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Final Report:

At completion of the project, the applicant shall provide their respective Roundtable(s) and the CWCB a final report on the applicant's letterhead that:

- Summarizes the project and how the project was completed.
- Describes any obstacles encountered, and how these obstacles were overcome.
- Explains the Proposed Budget versus the Actual Budget.
- Confirms that all matching commitments have been fulfilled.
- Includes photographs, summaries of meetings and engineering reports/designs, if appropriate.

The CWCB will withhold the last 10% of the entire water activity budget until the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the grant purchase order or contract will be closed without any further payment. Any entity that fails to complete a satisfactory Final Report and submit to CWCB within 90 days of the expiration of a purchase order or contract may be denied consideration for future funding of any type from CWCB.

Invoice for Services:

Payment will be based on actual expenditures invoiced by the grantee. The request for payment must be transmitted on the grantee's letterhead, and shall include:

- Date of request;
- Grantee's contact name, email address, physical address, and phone number;
- Roundtable that recommended the grant;
- Date of CWCB approval;
- Contract or purchase order number;
- Description of the work accomplished by individual tasks as presented in the approved budget;
- Supporting documentation (vendor invoices) label for items or services billed. Vendor invoices must clearly reflect and identify which Task(s) in the approved Statement of Work, Budget and Schedule the invoice is intended to be debited. Reimbursement of administrative expenses of the applicant or grantee will be limited to 15% of the total grant request;
- Estimate of the percent completion for individual tasks and the entire water activity in relation to the percentage of budget spent; and
- Identification of any major issues, and proposed or implemented corrective actions.



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All payment requests must reflect services within the purchase order/contract terms (effective date/NTP) and completion (expiration date).

Grant Amendments:

Grants may be amended as appropriate, including modifications to Exhibit A, Statement of Work, Budget, and Schedule; purchase order or contract extensions; and Change of Grantee. All amendment requests shall be submitted on the grantee's letterhead, and shall include:

- Date of request;
- Grantee's contact name, email address, physical address, and phone number;
- Roundtable that recommended the grant;
- Date of CWCB approval;
- Contract or purchase order number and current expiration date;
- Rationale for amendment;
- Revised Tasks – CWCB Program Manager approval required; Revised Exhibit A (Statement of Work and Budget/Schedule Table);
- Extension to Terms – Revised Exhibit A, Schedule (B, C, etc.) with desired expiration date;
- Request for Change of Grantee - A signed Letter of Request shall be accompanied by (when applicable): a revised Statement of Work, Budget, and Schedule (proposed new Grantee); a letter drafted by current Grantee requesting the release; a letter drafted by proposed Grantee accepting grant obligations and responsibilities; and an updated Certificate(s) of Insurance for the proposed new Grantee. Requests for Change of Grantee must be presented and approved by the CWCB Board.

Amended documents for grant extension requests shall be delivered to CWCB 30 days prior to current expiration date of purchase orders and 90 days prior to expiration of a contract.

Loan Program

For those applicants seeking a loan, a CWCB standard loan application form and loan feasibility study must be completed. In addition, the applicant should include with its loan application a summary of how the applicant's water activity meets the eligibility requirements and evaluation criteria requirements described in this document. The loan application form and additional information can be found at:

<http://cwcb.state.co.us/LoansGrants/water-project-loan-program/Pages/main.aspx>.