

Colorado's Water Plan - Exploring Funding Options

**Northern Water Fall Water Users Meeting
Tom Gougeon, Gates Family Foundation**

Recent Statewide Water Planning History

- ▶ 2003-5 - First Statewide Water Supply Initiative (SWSI)
- ▶ 2005 - HB 1177 creating the IBCC and 9 basin roundtables
- ▶ 2010 - SWSI update completed
- ▶ 2013 - Executive order launching Colorado's Water Plan process
- ▶ 2014 - Draft basin roundtable implementation plans (BIPs)
- ▶ 2015 - Colorado's Water Plan completed

Drivers of Recent Activity

- ▶ Population growth - from 1 million in the 1930s to 5.6 million today
- ▶ Drought - 2001-2002 and longer-term (Colorado River basin since 2000)
- ▶ Challenges creating new storage/infrastructure
- ▶ Growing pressures on agricultural sector
- ▶ Emergence of more collaborative approaches - CRCA and others

What Colorado's Water Plan Addressed

- ▶ Supply-demand gaps (potential 560,000 AF gap to zero by 2030)
- ▶ Conservation (400,000 AF by 2050)
- ▶ Land use - water saving measures in 75% of communities by 2025
- ▶ Agriculture - prevent projected potential loss of 700,000 acres, 50,000 AF of ATMs
- ▶ Storage - 400,000 AF by 2050

What Colorado's Water Plan Addressed

- ▶ Watershed health, environment and recreation - 80% of targets with stream management plans and watershed protection plans
- ▶ Education, outreach, and innovation
- ▶ Funding - perhaps \$20 billion over 30 years, with at least \$3 billion unfunded from traditional sources
- ▶ Where would the capacity come from to invest \$100 million per year over the next 30 years?

The Process to Date

- ▶ Walton and Gates Family Foundations invited a cross sector of stakeholders to dinner (January 2018)
- ▶ Asked whether the group thought it was worth an informal effort to explore the funding question
- ▶ If worth the effort - What areas of investment need to be prioritized, where could a sustainable funding base for investment come from? If created, how best to manage?
- ▶ Series of meetings on the Front Range and West Slope over the course of the year

Participants

- ▶ Nathan Fey, American Whitewater
- ▶ Terry Fankhauser, Colorado Cattlemen's Association
- ▶ Bob Randall, Colorado Department of Natural Resources*
- ▶ Gail Klapper, Colorado Forum
- ▶ Carrie Besnette Hauser, Colorado Mountain College
- ▶ Sam Mamet, Colorado Municipal League
- ▶ Andy Mueller, Colorado River District
- ▶ Russ George, Colorado Water Conservation Board*
- ▶ Becky Mitchell, Colorado Water Conservation Board*

Participants (continued)

- ▶ Kelly Brough, Denver Metro Chamber of Commerce
- ▶ Jim Lochhead, Denver Water
- ▶ Dan Grossman, Environmental Defense Fund
- ▶ Johnny LeCoq, Fishpond
- ▶ Paul Bruchez, Grand County Rancher and Outfitter
- ▶ John Stulp, Interbasin Compact Committee*
- ▶ Joe Frank, Lower South Platte Water Conservancy District
- ▶ Brad Wind, Northern Water Conservancy District
- ▶ Carlos Fernandez, The Nature Conservancy

Participants (continued)

- ▶ John McClow, Upper Gunnison River Water Conservancy District
- ▶ Jon Goldin-Dubois, Western Resource Advocates
- ▶ Maria Handley, Community Member

(*denotes ex officio)

- ▶ Walton Family Foundation Staff - Ted Kowalski and Jill Ozarski
- ▶ Gates Family Foundation Staff - Tom Gougeon and Russ Schnitzer
- ▶ Keystone Center

What to Prioritize?

- ▶ Healthy Rivers
- ▶ Watershed Health and Water Quality
- ▶ Conservation and Efficiency
- ▶ Productive Agriculture
- ▶ Infrastructure (particularly addressing multiple needs)
- ▶ Colorado Compact Obligations



Healthy Rivers

Healthy Rivers

- ▶ Focused on locally identified priorities for stream, riparian, and groundwater needs
- ▶ Collaborative solutions
- ▶ Healthy aquifer/surface water management
- ▶ Implementing stream management plans
- ▶ Restoration projects
- ▶ Environmental enhancements as part of water supply projects



Watershed Health and Water Quality

Watershed Health and Water Quality

- ▶ Basin and regional projects focused on improving watershed health
- ▶ Water quality improvements in the pre-treatment stage
- ▶ Forest health
- ▶ Drinking water source water quality
- ▶ Water quality challenges associated with selenium, salts, acid mine drainage



Conservation and Efficiency

Conservation and Efficiency

- ▶ Municipal and industrial projects focused on efficiency, conservation, and green infrastructure - particularly in small to medium-sized communities
- ▶ Connect water efficiency goals and land use planning
- ▶ Prioritize landscape practices that reduce water consumption
- ▶ Projects to update and improve agricultural infrastructure, particularly with multiple benefits



Productive Agriculture

Productive Agriculture

- ▶ Prioritize a productive and profitable agricultural sector
- ▶ Multiple use storage addressing regional priorities
- ▶ Water leasing mechanisms
- ▶ Sustainable agriculture efficiency and conservation approaches
- ▶ Technology innovation
- ▶ Increase community literacy about irrigated agriculture and supporting agricultural sector market growth



Infrastructure

Infrastructure

- ▶ Upgrade aging infrastructure, while addressing multiple needs
- ▶ Incentivize new projects to include environmental benefits, river health, habitat quality
- ▶ Multi-purpose infrastructure and storage projects that support objectives in Colorado's Water Plan and the Basin Implementation Plans
- ▶ Support for technical and practical storage innovations



Colorado Compact Obligations

Colorado Compact Obligations

- ▶ Prioritize efforts to manage the Upper Basin and Colorado's exposure to Colorado River Compact curtailments
- ▶ Support voluntary, compensated reductions in consumptive use through fallowing, deficit irrigation, crop switching, and other means
- ▶ Reduce municipal and industrial consumption in ways that contribute to compact compliance goals
- ▶ Funding not to be used for litigation, penalties, or settlements with other states
- ▶ Recognize that over time, there may be compact compliance needs in basins beyond the Colorado River

What Possible Sources of Revenue Exist?

- ▶ Current system is severance tax-based
- ▶ Capacity? What can any of the options generate?
- ▶ Broad or narrow?
- ▶ Strong or weak nexus with water?
- ▶ Fee or tax? Legislature or ballot?
- ▶ Things that don't currently exist - sports betting?
- ▶ Single source, or more than one source?

Governance

- ▶ CWCB is the current vehicle
- ▶ Also discussed GOCO and other trust fund type models
- ▶ Some areas (water quality) may spill over into jurisdiction of other agencies
- ▶ Some areas might be new to the CWCB existing mandate
- ▶ Ability to prevent re-direction in times of fiscal stress?

Going Forward

- ▶ There has been ongoing coordination with the IBCC funding committee, and ag sector representatives exploring the same topic
- ▶ Core cross-sector group to keep working on ideas looking for consensus
- ▶ Also need to respond coherently to ideas that may surface in the 2019 General Assembly, and to work with a new administration