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.