



**MEMORANDUM
JANUARY 4, 2018**

TO: BOARD OF DIRECTORS
FROM: JIM POKRANDT
SUBJECT: COLORADO BASIN ROUNDTABLE UPDATE
ACTION: *No Action – Update Only*

STRATEGIC INITIATIVE(S): 8A, 8B, 8C, 8E

Here is the most important item of late, from the CWCB:

CWCB was recently informed that severance tax revenues in the current fiscal year have been much more impacted by the refunds resulting from the BP Supreme Court Decision than originally anticipated. When combined with already lower revenues due to low commodity prices, we are anticipating enormous impacts to the funding for all severance tax programs, most notably the Water Supply Reserve Fund (WSRF).

December 2017: As a result, it is highly likely that the WSRF program will receive zero revenue from severance tax (Tier 2 of the Operational Account) beginning in January 2018 and extending through the entirety of fiscal year 2018/2019. We are working with the Department of Natural Resources to explore various options for helping to address the funding shortfall and its ongoing implications. In addition, there will be another revenue forecast on December 20th.

January 2018: As for WSRF funding things are evolving quickly and we're still waiting on more info. We still expect that the WSRF will not receive any additional severance tax funding for the remainder of this fiscal year, and likely will not receive any severance tax funding next fiscal year (July 1, 2018 to June 30, 2019).

However, existing account balances should not be affected (i.e. project approvals will proceed per available funding). Since this was somewhat anticipated, this fiscal year's projects bill included \$10M to back-fill the WSRF (along with the \$10M for Water Plan Grants and \$5M for the Watershed Restoration Grant program). Of this \$10M, \$4M was distributed to the WSRF on July 1, and another \$3M just this week (Jan 1), however, it's very possible that the last \$3M may not be distributed on April 1st as planned due to the shortfall (i.e. it's distribution might be delayed and/or parsed out to stretch the funding). At this point it's way too early to tell if we will be able to provide any additional funding (non-severance tax) to WSRF in FY 18/19.

So why is this very, very important? Like other Roundtables, the CBRT is working through its Water Supply Reserve Fund grants ability to advance findings in both Colorado's Water Plan and its own Basin Implementation Plan. Primarily, we work with constituent entities who propose projects that meet our goals.

Healthy Streams is one priority. To address that tenant and to help meet the CWP goal of putting 80 percent of stream miles under stream management planning, the CBRT on its own volition is creating a template for what we call Integrated Water Management Planning to accomplish this locally. We use this terminology to recognize that such work must embrace and benefit the needs of agriculture, municipal, the environment and recreation.

We are also developing a website directed at Roundtable outreach.

A key piece of work in the last year was to advance the Colorado River Risk Study, in conjunction with the other three West Slope RTs. It is in Phase II. This is vitally important as it addresses protection of current water uses and will inform the WS RTs as to their own ability to develop water for West Slope use.

Constituents aided by WSRF grants concluded or pending include Grand Valley Water Users (Mesa), Irrigated Lands in the Vicinity of Kremmling (Grand), Missouri Heights irrigators (Garfield), Abrams Creek Cutthroat Trout Project (Eagle), Vail Ditch (Grand), John McConnell Science Center (Mesa), Highland Meadow irrigation efficiency (Eagle), Middle River Watershed Council (Garfield), Eagle River Watershed Council (Eagle) and Town of Carbondale headgate study (Garfield).