



COLORADO RIVER DISTRICT
PROTECTING WESTERN COLORADO WATER SINCE 1937

Implementation Plan for
Additional CRWCD Funding Acquired
Through a Successful Ballot Question
Authorizing a Mill Levy Increase
Adopted by the Board July 21, 2020
As part of Resolution 2020-01

WHAT:

Potential Ballot Question in November of 2020 requesting authority to raise CRWCD mill levy by .248 mills, increasing the total mill levy from .252 to .5 mills.

HOW MUCH:

Projected to raise \$4.9 million in additional annual tax revenue for the District.

TIMING:

The tax increase will, if approved by the voters, commence with payment of taxes in 2021.

TABOR:

The ballot question if approved by the voters, will eliminate the Spending/Revenue Taxpayer Bill of Rights (TABOR) limitations on the District but not the tax rate cap. This means that the District will be able to keep and spend state and local grant funds and additional revenue generated by increased valuations greater than the TABOR revenue cap which is limited to inflation plus local growth. However, if this ballot question is approved by the voters, the District's annual mill levy will be capped at .5 mills and the District's tax revenue will be limited by this cap. This ballot question is a TABOR compliance question, meaning that it follows and respects the directives and requirements of TABOR with respect to seeking voter approval for the proposed tax increase and the retention and expenditure of additional revenue.

GALLAGHER:

The proposed question does not eliminate the potential adverse implications to the District revenue stream posed by the Gallagher Amendment. Meaning that if the state fails to resolve the problems posed by the declining Residential Assessment Rate, the District's entire revenue stream will be impacted.

HOW THE MONEY WILL BE EXPENDED:¹

As stated in the proposed ballot question, the River District will utilize the entirety of the \$4.9 million in additional revenue for the following purposes:

- Fighting to keep water on the West Slope;
- Ensuring adequate water supplies for West Slope farmers and ranchers;
- Ensuring sustainable drinking water supplies for West Slope communities; and
- Protecting fish, wildlife, and recreation by maintaining river levels and water quality.

More specifically, the Colorado River District will allocate approximately \$4.2 million annually or approximately 86% of the amount raised, for partnerships with water users and communities within the District on projects identified as priorities by local communities and Basin Roundtables. The Board and staff of the Colorado River District will prioritize multi-purpose projects that meet needs in one or more of the following five categories: productive agriculture, infrastructure, healthy rivers, watershed health and water quality, conservation and efficiency. The District is committed to expending funds in an equitable manner which, over time, disperses the benefits of the program geographically within the District boundaries and between the identified categories. The District is also committed to utilizing these funds to drive the initiation and completion of projects that are priorities for residents of the District by utilizing District funds as a catalyst for matching funds from state, federal and private foundation sources. Bringing these funds to the table will allow the West Slope to strongly influence the type, scope and timing of important water supply projects within our District. The District is committed to coordinating and consulting local elected officials in any and all relevant counties prior to committing funds to any specific project or activity pursued by the District.

The categories of projects that the District will be looking to partner are more specifically described as follows:

- (I) **Productive agriculture projects** which could include multiple-use storage that addresses regional priorities; developing innovative and functional water leasing; suitable agriculture efficiency and conservation approaches; technical assistance and technological innovation; and dedicated resources for increasing community literacy about irrigated agriculture and supporting agricultural market growth. The District will not utilize these funds for the purpose of permanently or temporarily fallowing irrigated agriculture;
- (II) **Infrastructure projects** which could include upgrading aging infrastructure while incentivizing new storage and delivery projects that collaboratively address multiple needs, such as improved flows to meet demands, stream and

¹ The expenditures discussed in this section of the plan are stated in the affirmative “will.” The District’s ability to allocate and expend these funds is contingent upon a ballot question being placed on the ballot and voters approving the question, and is subject to constitutional limits on multi-year fiscal obligations and future governance determinations that are consistent with the authorizations provided by an approved ballot question.

watershed health, and habitat quality; multi-purpose projects and storage methods that are supported in the Water Plan and the Basin Implementation Plans;

- (III) **Healthy rivers projects** which could include those identified in stream management plans or similar projects, projects that support and sustain fish and wildlife, healthy aquifer conditions as they connect to healthy streams, economically important water-based recreation, wetland habitat, fish passage construction for new or revised water diversion structures, stream restoration projects, and environmental and recreational enhancements for new or revised water supply projects;
- (IV) **Watershed health and water quality projects** which could include projects identified in collaborative and science-based watershed management plans that reduce the risk from and increase resilience to fires and/or floods, rehabilitate streams, or make landscapes resilient to climate change, including, but not limited to science-based mechanical forest treatments and prescribed fire, projects that address drinking water quality for under-resourced communities, and projects that address pollutants such as selenium, salts, and others, as well as mine remediation activities; and
- (V) **Conservation and efficiency projects** which could include supporting agricultural water infrastructure that increases reliability and efficiency; municipal and industrial projects that promote efficiency, water conservation, green infrastructure, and outdoor landscaping to reduce consumptive use; increase leak detection for infrastructure repair and replacement; assisting communities with water-smart community development and water conservation programs; and targeting smaller, fast-growing, and communities with older infrastructure with strategic, incentive-based investments.

While the District cannot, at this time, commit funds to specific projects due to uncertainties associated with most projects related to permitting, litigation, additional funding and other third party actions, the following are projects endorsed by the Basin Roundtables in the Yampa/White/Green, Colorado and the Gunnison Basins which are representative of types of projects that the Colorado River District anticipates partnering on should voters approve the ballot question:²

Yampa/White/Green Basins representative projects:

Maybell ditch diversion structure and headgate rehabilitation and system efficiency improvements:

The modern headgate and additional system efficiency improvements will allow irrigators to better control the volume of water diverted from the Yampa, improving flows for non-consumptive users along 18 miles of the Yampa, as well as improving delivery for Maybell irrigators.

² By listing projects here, the Colorado River District does not intend to indicate any preference or priority of the listed projects over any other potential project.

Yampa River forest restoration and temperature mitigation:

The 2018 Yampa River Health Assessment and Streamflow Management Plan (aka The Stream Management Plan) found that the riparian forest is degraded on the reach of the Yampa River above the Chuck Lewis State Wildlife Area, through Steamboat and to the Wastewater Treatment Plant and that improving the quality of the vegetation, particularly the shading canopy cover, will lead to improvements in stream temperature and water quality on the Yampa River. By restoring the river forest, this 3-year project that was identified as a top priority action item in the Stream Management Plan, will also help to improve aquatic and terrestrial habitat and to stabilize the river channel thus making it more resilient to floods, droughts, or human impacts.

White River algae study and eventual mitigation:

High levels of Benthic algae have reached uncharacteristic and nuisance levels in the White River which have caused significant problems for consumptive and non-consumptive water users in the White River. The USGS study, which will be completed next year should shed light on contributing factors to the algae problem and will likely lead to identification and implementation of actions to address the problem.

White River Storage Project:

There has been significant work done to identify current and future water shortages for municipal, industrial, recreation and environmental purposes on the lower White River. Funds could be utilized to assist in the scoping, identification of locations, permitting and eventual construction of an appropriately sized storage project designed to address the myriad of needs identified by the local water conservancy district.

Gunnison Basin representative projects:

Cunningham Lake Reservoir Rehabilitation:

This project is located in the upper Gunnison River Basin and is representative of projects identified in the Stream Management Plan which identifies projects which will serve multi-beneficial purposes of maintaining water supplies for consumptive uses, stabilizing environmental flows and providing optimal temperatures. It is the rehabilitation of existing dam, which will improve delivery systems into and out of the reservoir, reduce irrigation shortages and improve Sage Grouse habitat.

Paonia Reservoir and Fire Mountain Canal Rehabilitation:

This project is located in the North Fork of the Gunnison and involves implementing a sediment control system and extending the enclosed conveyance network and constructing integrated telemetry-based measurement and control (SCADA) water storage and delivery facilities. It will improve water quality in the Gunnison River and enhance the ability of productive agriculture to thrive for generations to come.

Aspen Canal, Smith Fork Feeder and the Crawford Clipper Ditch:

This project is on the Smith Fork of the Gunnison River designed to more efficiently meet agricultural water needs while improving river flows and improving water quality in this

water-short sub-basin system by extending enclosed conveyance network and constructing integrated telemetry-based measurement and control (SCADA) water storage and delivery facilities.

Uncompahgre Valley Water Users Association Westside Valley Infrastructure Improvements:

This project is part of the Lower Gunnison Project on the Lower Uncompahgre and is designed to modernize and improve off- and on-farm water diversion, delivery and application infrastructure in the Uncompahgre River to more efficiently meet agricultural water needs while improving river flows and improving water quality in this water-short sub-basin, and it includes extending enclosed conveyance network and constructing integrated telemetry-based measurement and control (SCADA) water storage and delivery facilities.

Upper Uncompahgre Augmentation Plan/Ramshorn Reservoir:

This proposed project involves a relatively small multi-purpose reservoir which will help maintain environmental flows and provide additional needed protection to agricultural irrigators and municipalities from a senior call in extremely dry years.

Colorado River Basin representative projects:

Maintaining flows secured by the Shoshone call:

The Shoshone Power Plant is owned and operated by Xcel Energy and is located on the mainstem of the Colorado River in Glenwood Canyon. When the power plant is operating, the Shoshone Call, as a non-consumptive water right, can command the flow in the Colorado River and “pulls” water from the headwaters through Glenwood Canyon westward to the Grand Valley. The viability of a 100+ year old infrastructure is always in question making the exploration of more permanent long-term solutions an integral component of maintaining the Colorado River’s historical flow regime. Maintaining this historical stream flow regime provides significant administrative certainty for West Slope water users as well as several benefits for recreation, the environment, and water quality.

Grand Valley Roller Dam Rehabilitation:

The Roller Dam on the Colorado River was constructed in 1913 and is the point of diversion for several large senior irrigation rights. These irrigation rights are the primary calling rights on the Colorado River during the irrigation season and remain a significant source of irrigation water, while at the same time ensuring a consistent flow from the headwaters during the summer months. Maintaining this infrastructure is not only vital for agricultural interests in the Grand Valley but also provides for reliable administration for other water users as well as recreational and environmental benefits from consistent stream flows.

Windy Gap Reservoir Connectivity Channel:

Windy Gap Reservoir is an on-channel reservoir located on the Colorado River in Grand County that is owned and operated by the Municipal Subdistrict of the Northern Colorado

Water Conservancy District. The Subdistrict, with the support of the River District, Grand County, Colorado Water Conservation Board, Colorado Parks and Wildlife, Trout Unlimited, the Upper Colorado River Alliance, and other parties, intends to construct and operate the Windy Gap Connectivity Channel. The Connectivity Channel, once constructed, will provide a channel through the current footprint of the Windy Gap Reservoir, allowing the reconnection of the Colorado River. Based upon studies completed to date, the Connectivity Channel is expected to provide significant environmental benefits for the Colorado River by enhancing sediment transport, reducing streambed armoring, moderating elevated water temperatures, providing connectivity for aquatic life and fish passage, and enhancing aquatic habitat.

The remaining approximately 14% of the funds will be utilized by the District to fix the District's internal financial structural deficit caused by the cumulative impact of the Gallagher Amendment, the decline of tax revenue from the fossil fuel industry, and the Taxpayers' Bill of Rights revenue limitations. **The District will not utilize the new revenue to create additional staff positions** but will allocate the money to fund existing staff positions and business-related expenses. This allocation will help to ensure the financial integrity of the important work of the River District's enterprise fund by preserving enterprise reserves for anticipated capital expenses and critical maintenance and repair work on water supply assets owned by the District.