



Colorado
Legislative
Council
Staff

ISSUE BRIEF

Number 12-41

A Legislative Council Publication

November 2012

STATE WATER SUPPLY PLANNING by David Beaujon

Spurred in part by the state's growing population and a major drought, the Colorado legislature enacted several laws to help address future water supply challenges. This issue brief examines two of these laws — the Statewide Water Supply Initiative and the Water for the 21st Century Act.

Statewide Water Supply Initiative

In 2003, the General Assembly commissioned the Statewide Water Supply Initiative (SWSI) to explore water supply and demand issues in each of the state's major river basins. This study, completed by the Colorado Water Conservation Board (CWCB) in 2004, estimated that Colorado will need an additional 630,000 acre-feet (AF) annually to meet demand in 2030, primarily for municipal and industrial purposes. It further determined that as much as 80 percent of this demand may be satisfied from existing and planned water projects and processes.

Depending on a community's geography, financial resources, and other factors, these projects may include transferring agricultural water rights, storing additional water, increasing water use efficiency, and using nonrenewable groundwater. This study was updated in 2007 to reflect additional information developed by technical roundtables concerning: water conservation and efficiency; alternatives to agricultural water transfers; environmental and recreational resource needs; and alternatives to address the gap between current supply and future water needs. In 2010, the CWCB updated the SWSI to assess municipal and industrial demand and agricultural demand in 2050. It estimated that 190,000

to 630,000 AF will be needed to meet these demands in 2050, depending upon the ability of water providers to complete identified projects and processes.

Water for the 21st Century Act

In 2005, the General Assembly enacted the Colorado Water for the 21st Century Act, which established a process to address the state's growing water demand.

Basin roundtables. The 2005 law created nine basin roundtables covering the:

- Denver Metropolitan Area;
- South Platte River Basin;
- Arkansas River Basin;
- Rio Grande River Basin;
- Gunnison River Basin;
- Colorado River Basin;
- Yampa-White River Basin;
- Dolores-San Miguel-San Juan River Basin; and
- North Platte River Basin.

These roundtables are charged with identifying water needs within each basin and conducting discussions with other basins to address interbasin water issues.

Interbasin Compact Committee. The 2005 law also created a 27-member Interbasin Compact Committee (IBCC) to facilitate negotiations between the roundtables. In 2006, the General Assembly approved the IBCC's charter, which includes

principles to guide negotiations between roundtables and defines the process for ratifying interbasin compacts. It also defines the process for integrating the interbasin compact process with other water planning and development processes such as the SWSI.

Basin needs assessments. Each basin roundtable is charged with developing a basin-wide water needs assessment consisting of four parts:

- an assessment of consumptive water needs (municipal, industrial, and agricultural);
- an assessment of nonconsumptive water needs (environmental and recreational);
- an assessment of available water supplies (surface and groundwater) and an analysis of any unappropriated waters; and
- proposed projects or methods to meet any identified water needs and achieve water supply sustainability over time.

A basin report was prepared for each roundtable based on information from the SWSI. The basin roundtables have also conducted additional studies to supplement the SWSI report.

Water Supply Reserve Account. The Water Supply Reserve Account (WSRA) — part of the Operational Account of the State Severance Tax Trust Fund — was created in 2006 to help address Colorado's water needs and support the IBCC process. Since FY 2006-07, \$44 million has been transferred from the Severance Tax Trust Fund to the WSRA. Moneys in the account may be used for grants or loans. Spending from the WSRA does not require legislative approval. The WSRA criteria and guidelines split the WSRA into basin and statewide Funds. Once a request for funding from the WSRA is approved by a basin roundtable, the request is forwarded to the CWCB for funding evaluation and final authorization. Eligible activities include:

- competitive grants for environmental compliance and feasibility studies;
- technical assistance regarding permitting, feasibility studies, and environmental compliance;

- studies or analyses of structural and nonstructural water projects or activities; and
- structural and nonstructural water projects or activities.

Each basin fund has received \$1.6 million as of June 30, 2012. The statewide account has received \$29.6 million, with \$23.3 million in approved grants. For example, in 2011, the CWCB approved a grant of \$50,000 from the statewide fund to study a water diversion project from the Flaming Gorge Reservoir in Wyoming to Colorado. It also awarded \$22,000 from seven of the nine basin accounts to help pay for the study.

In 2009, the legislature passed legislation that transfers \$10 million annually, starting in FY 2010-11, from the Operational Account of the Severance Tax Trust Fund to the WSRA and continues these transfers indefinitely thereafter. However, the transfers will be reduced according to a statutory formula if appropriations exceed available severance tax revenue. For example, in FY 2011-12, \$7.0 million was transferred, and in FY 2012-13, the transfer is expected to be \$5.9 million. This law also prohibits the CWCB from allocating moneys by grant or loan from the account to "covered entities" unless they have adopted a water conservation plan. Covered entities are defined as a municipality, agency, or utility with a legal obligation to provide retail water to a customer base with a total demand of at least 2,000 AF. Repayments of principal and interest on loans from the account are credited to the account.