

# **Water Resources Review Committee**

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# Water Resources Review Committee Report

## **Committee Charge**

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**General charge.** The Water Resources Review Committee (WRRC) was created to contribute to and monitor the conservation, use, development, and financing of Colorado's water resources for the general welfare of the state (Section 37-98-102, C.R.S.). It is also required to review statewide planning for water resources. The committee is authorized to review and propose legislation to further its purpose. In conducting its review, the committee is required to consult with experts in the field of water conservation, quality, use, finance, and development. The committee was authorized to meet six times in 2016, including two times outside of the interim period, and to take three field trips.

## **Committee Activities**

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**Regular meetings.** During the 2016 interim, the committee held five meetings and took three field trips. The committee met with a broad range of water users and government officials, including local water providers, state water rights administrators, water quality regulators, state water planners, water project developers, and concerned citizens. The committee received briefings on major water issues affecting the state on topics including: planning for future water needs; funding needs for state water agencies and water projects; regulation of groundwater use; implementation of new water laws; implementation of the Colorado Water Plan; and other issues.

**Field trips.** In June, the committee attended a two-day field trip in the Gunnison River Basin, where it visited water diversion and storage facilities, agricultural operations, and hydroelectric facilities. This tour was organized by the Colorado Foundation for Water Education. In August, the committee attended the Colorado Water Congress summer conference in Steamboat Springs, where it held a public meeting and attended presentations about water infrastructure financing, water planning, ongoing water supply studies, and other water management issues. In September, the committee conducted a field trip in the Lower Arkansas River Basin where it visited reservoirs, received briefings on alternatives to agriculture water rights transfers, and visited several agricultural operations. The committee also conducted field trips in the Lower Colorado River Basin and the Rio Grande Basin prior to holding meetings in those basins.

**Funding for aquatic nuisance species control.** Zebra and quagga mussels are invasive aquatic nuisance species that pose a significant threat to aquatic wildlife and water quality in Colorado. Also, due to their hard shell and ability to rapidly reproduce, these species are capable of clogging water facilities and impairing the operation of dams, water treatment facilities, and power plants. The zebra mussel has spread to 33 states including Colorado, Kansas, Nebraska, and Utah. Currently, Pueblo Reservoir is the only water body considered positive for quagga mussel in Colorado, although mussel larvae have been detected in several other state water bodies. A law passed in 2008 creates a program to protect the state's waters from zebra mussels and other aquatic nuisance species. The law requires the Division of Parks and Wildlife in the Department of Natural Resources (DNR) to implement plans to control these species. Specifically, it authorizes the division to inspect motor vehicles, vessels, trailers, or any related equipment (i.e., conveyances). It also allows the division to require conveyance owners

to decontaminate their conveyance or have it impounded; and to assess penalties on persons who fail to comply with the requirements. The committee recommends Joint Resolution A which urges the United States Bureau of Reclamation, the United States Army Corps of Engineers, and the U.S. Forest Service to provide funding to Colorado Parks and Wildlife for implementation of the State of Colorado Zebra and Quagga Mussel Management Plan.

**Funding for reservoir dredging.** The Colorado Water Conservation Board (CWCB) Construction Fund is the state's largest revolving loan program to finance water diversion and storage projects. The fund receives revenue from the repayment of loans, interest on the fund, and federal mineral lease distributions. As of June 30, 2016, the fund's value was \$560 million, of which \$440 million is authorized for projects or in loan repayment, \$40 million is available for new loans, and \$80 million in water rights owned by the CWCB that are available for sale. The fund is administered by the CWCB which is authorized to adjust loan interest rates that currently range from 1.5 percent for agricultural loans and 2.25 to 3.25 percent for municipal loans. The committee recommends Bill A which appropriates \$5.0 million for FY 2017-18, from the CWCB Construction Fund for loans and grants to be used for dredging reservoirs located in the South Platte River Basin in order to restore their full decreed storage capacity. Up to \$2.5 million of this appropriation may be issued as grants.

**Irrigation district law updates.** Irrigation districts are formed by landowners under statutory guidelines to finance water infrastructure projects, such as dams and canals. There are 16 irrigation districts in Colorado. Irrigation districts own water rights that are diverted from a stream and allocated to landowners in the district based on the number of acres owned. Surplus water may be leased inside or outside the district for domestic, agricultural, power, or mechanical purposes only. Irrigation districts are funded by assessments on landowners and the proceeds from water leases. The committee recommends Bill B which updates the 1921 Irrigation District Act. The bill addresses compensation for board members and election judges; clarifies the definition of agricultural land; allows an irrigation district to lease its surplus water for all beneficial uses; clarifies how irrigation district assessments are to be collected and held by district treasurers; eliminates the bonding requirement for district board members; and modernizes election procedures and procedures for selling surplus property. The bill also increases from \$20,000 to \$500,000, the amount of a contract or an eminent domain proceeding that requires voter ratification in a district election.

**Graywater use for research.** In 2013, the General Assembly authorized the Water Quality Control Commission in the Department of Public Health and Environment to promulgate a regulation with standards for the use of graywater. Graywater is defined in Colorado as wastewater collected within a building from sources other than toilets and urinals, kitchen sinks, dishwashers, and nonlaundry utility sinks. The committee recommends Bill C that authorizes the use of graywater for scientific research involving human subjects, and sets minimum requirements for conducting such research.

**Division of Water Resources law updates.** The State Engineer is the director of the Division of Water Resources (DWR) in DNR. The division administers over 150,000 water rights, issues water well permits, monitors stream flows and water uses, and represents Colorado in interstate water compact proceedings. It also inspects dams to ensure safe operations and to prevent catastrophic failures. The committee recommends Bill D which updates statutes related to the State Engineer and the DWR by removing obsolete provisions and modernizing language.

**Republican River Water Conservation District expansion.** The Republican River Water Conservation District was created by the legislature in 2004 to reduce groundwater depletions and help the state comply with the Republican River Compact. The boundaries of the district are currently established by statute as the portion of the Republican River Basin that is located in Colorado. The committee requested, but did not recommend, a bill to expand the boundaries of the district to include areas where groundwater pumping depletes the flow of the Republican River.

**Funding for state well inspection program.** The DWR well inspection program was created to protect groundwater resources and public health. The program administers state laws concerning well construction and pump installation through inspections, complaint investigation, and education and outreach. Well inspection fees are used to pay for well inspections and other program activities. Due to recent declines in water well construction, the state experienced declines in well inspection fees and the number of inspectors and well inspections. The program currently consists of a chief well inspector and two well inspectors. The committee requested, but did not recommend, a bill to increase well inspection fees to pay for additional inspectors and to exempt the revenue from the constitutional spending limit, commonly known as the Taxpayer's Bill of Rights, or TABOR.

## **Committee Recommendations**

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As a result of committee discussion, the committee recommends four bills and one resolution for consideration in the 2017 legislative session.

**Bill A — CWCB Grants Loans Dredge South Platte Basin Reservoirs.** Bill A appropriates \$5.0 million for FY 2017-18 from the CWCB Construction Fund for loans and grants for dredging reservoirs located in the South Platte River Basin.

**Bill B — Update 1921 Irrigation District Act.** Bill B makes updates to the 1921 Irrigation District Act and addresses: compensation for board members and election judges; use of surplus water; how irrigation district assessments are to be collected and held; the bonding requirement for district board members; and election procedures and procedures for selling surplus property. The bill also increases from \$20,000 to \$500,000, the amount of a contract or an eminent domain proceeding that requires voter ratification in a district election.

**Bill C — Graywater Regulation Exemption for Scientific Research.** Bill C authorizes the use of graywater for scientific research involving human subjects and sets minimum requirements for conducting such research.

**Bill D — State Engineer Statutes Cleanup.** Bill D updates statutes related to the State Engineer and the DWR. In addition to removing obsolete provisions and modernizing language, this bill removes bonding requirements for certain DWR staff; expands the allowable sources of grant funding for DWR activities; directs the DWR to replace existing monitoring technologies if more cost-effective technologies emerge; eliminates some statutorily defined fee amounts; and makes several other changes to existing law.

***Joint Resolution A — Funding Prevent Aquatic Nuisance Species.*** Joint Resolution A urges the U.S. Bureau of Reclamation, the United States Army Corps of Engineers, and the U.S. Forest Service to provide funding to Colorado Parks and Wildlife for implementation of the state's Zebra and Quagga Mussel Management Plan.