

CHAPTER 150

**WATER AND IRRIGATION**

**HOUSE BILL 02-1152**

BY REPRESENTATIVE(S) Hoppe, Alexander, Johnson, Kester, Lawrence, Rippy, Snook, Spradley, Stengel, Webster, White, Cloer, Coleman, Crane, Hefley, Larson, Miller, Mitchell, Scott, Tapia, Williams T., and Young; also SENATOR(S) Isgar, Entz, Chlouber, Hanna, Matsunaka, Perlmutter, Taylor, and Teck.

**AN ACT**

**CONCERNING THE FUNDING OF COLORADO WATER CONSERVATION BOARD PROJECTS, AND MAKING APPROPRIATIONS IN CONNECTION THEREWITH.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1. Water project loan authorizations from the Colorado water conservation board construction fund.** (1) Pursuant to section 37-60-122 (1) (b), Colorado Revised Statutes, the Colorado water conservation board is hereby authorized to loan moneys from the Colorado water conservation board construction fund to enable the construction of the following water resources projects or the purchase of water rights with the following priority:

| <b>Priority</b> | <b>Borrower-Project</b>   | <b>Loan Amount</b>  |
|-----------------|---|---------------------|
| (a)             | City of Fountain -<br>Keeton Reservoir Rehabilitation                         | \$ 420,000          |
| (b)             | Amity Mutual Irrigation Company -<br>Neenoshe Reservoir Rehabilitation        | \$ 360,000          |
| (c)             | Lake Henry Reservoir Company -<br>Lake Henry Reservoir Rehabilitation         | \$ 490,000          |
| (d)             | Owl Creek Ditch and Reservoir Company -<br>Owl Creek Reservoir Rehabilitation | \$ 1,125,000        |
| (e)             | East Dillon Water and Sanitation District -<br>Water Rights Purchase          | \$ 2,550,000        |
| (f)             | Silver Springs Trout Farm, Inc./<br>Sherwood Trust <sup>a</sup>               | \$ 365,000          |
|                 | <b>Total</b>  | <b>\$ 5,310,000</b> |

<sup>a</sup> This loan is to refinance a water project wholly or partially completed.

(2) The Colorado water conservation board may make loans for the construction

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

of the projects specified in subsection (1) of this section from such moneys as are or may hereafter become available to the Colorado water conservation board construction fund. Said loans shall be in the amounts listed in subsection (1) of this section plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by the engineering cost indices applicable to the types of construction required for each project or as may be justified by reason of changes in the plans for a project due to differing or unforeseen site conditions, errors or omissions in the plans and specifications, changes instituted by regulatory agencies, or changes in material quantities beyond contract limits.

(3) Pursuant to section 37-60-120 (1), Colorado Revised Statutes, the board shall require such terms and conditions in such contracts as will ensure repayment of moneys made available by it. The board shall not disburse any moneys for any loan authorized by subsection (1) of this section unless and until it is satisfied, at its sole discretion, that the recipient of any such loan will be able to make repayment pursuant to the terms and conditions established by the board and by subsection (1) of this section.

**SECTION 2. Water project loan authorizations from the severance tax trust fund perpetual base account.** (1) Pursuant to section 39-29-109 (1) (a) (I), Colorado Revised Statutes, the Colorado water conservation board is hereby authorized to loan moneys from the severance tax trust fund perpetual base account to enable the construction of the following water resources projects with the following priority:

| <b>Priority</b> | <b>Borrower-Project</b>  | <b>Loan Amount</b>   |
|-----------------|--|----------------------|
| (a)             | Parker Water and Sanitation District -<br>Rueter Hess Dam and Reservoir<br>Construction <sup>a</sup> | \$ 15,000,000        |
| (b)             | Larimer County -<br>Dry Creek Flood Mitigation Project   | <u>\$ 11,000,000</u> |
|                 | <b>Total</b>   | <b>\$ 26,000,000</b> |

<sup>a</sup> This loan is to refinance a water project wholly or partially completed.

(2) The Colorado water conservation board may make loans for the construction of the projects specified in subsection (1) of this section from such moneys as are or may hereafter become available to the severance tax trust fund perpetual base account. Said loans shall be in the amounts listed in subsection (1) of this section plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by the engineering cost indices applicable to the types of construction required for each project or as may be justified by reason of changes in the plans for a project due to differing or unforeseen site conditions, errors or omissions in the plans and specifications, changes instituted by regulatory agencies, or changes in material quantities beyond contract limits.

(3) Pursuant to section 37-60-120 (1), Colorado Revised Statutes, the board shall require such terms and conditions in such contracts as will ensure repayment of moneys made available by it. The board shall not disburse any moneys for any loan authorized by subsection (1) of this section unless and until it is satisfied, at its sole discretion, that the recipient of any such loan will be able to make repayment pursuant to the terms and conditions established by the board and by subsection (1) of this section.

**SECTION 3. Decreases to prior water project loan authorizations from the Colorado water conservation board construction fund.**

| <b>Borrower-<br/>Project</b>   | <b>Prior<br/>Authority</b>  | <b>Prior<br/>Amount</b>   | <b>Decrease</b>  | <b>Amount<br/>Remaining</b>                              |
|--|---|---|--|--|
| Pagosa Area Water<br>and Sanitation District -<br>Stevens Lake Enlargement<br>Powderhorn<br>Metropolitan District<br>I Utility Enterprise-<br>Robbins Reservoir<br>Rehabilitation<br>Redmesa Ward<br>Reservoir and<br>Ditch Company -<br>Redmesa Ward<br>Reservoir Rehabilitation<br>and Enlargement<br>Windsor Canal<br>and Reservoir<br>Company -<br>Big Windsor Reservoir<br>Pump Station | HB 93-1273<br><br>SB 97-008<br><br><br><br>HB 95-1155<br><br><br><br>HB 98-1189 | \$1,912,000<br><br>\$ 525,000<br><br><br><br>\$ 2,250,000<br><br><br><br>\$ 925,000 | \$1,912,000<br><br>\$ 525,000<br><br><br><br>\$2,250,000<br><br><br><br>\$ 925,000 | \$ 0<br><br>\$ 0<br><br><br><br>\$ 0<br><br><br><br>\$ 0 |
| <b>Totals</b>  |   | \$ 5,612,000  | \$5,612,000  | \$ 0   |

**SECTION 4. Decreases to prior water project loan authorizations from the severance tax trust fund perpetual base account.**

| <b>Borrower-<br/>Project</b>   | <b>Prior<br/>Authority</b> | <b>Prior<br/>Amount</b> | <b>Decrease</b> | <b>A m o u n t<br/>Remaining</b> |
|--|----------------------------|-------------------------|-----------------|----------------------------------|
| Northern Colorado<br>Water Association -<br>Purchase of Wells and Water Rights | HB 98-1189                 | \$ 900,000              | \$ 900,000      | \$ 0                             |
| <b>Totals</b>  |                            | \$ 900,000              | \$ 900,000      | \$ 0                             |

**SECTION 5. Repeal.** 37-60-121 (6.1), Colorado Revised Statutes, is repealed as follows:

**37-60-121. Colorado water conservation board construction fund - creation of - nature of fund - funds for investigations - contributions - use for augmenting the general fund - funds created.** (6.1) In order to eliminate any doubt as to the effect of the delay in transferring moneys originally scheduled to be transferred as of July 1, 1989, the general assembly hereby authorizes the Colorado water conservation board, pursuant to section 37-60-122 (1)(b), and notwithstanding the said delay, to enter into a binding agreement with the secretary of the United States department of the interior to contribute, on a nonreimbursable basis, five million six hundred thousand dollars for the construction of the Ridges Basin dam of the Animas-La Plata project, said sum to be expended from such moneys as are or may hereafter become available to the Colorado water conservation board construction fund, and hereby reaffirms its authorization for the Colorado water

~~resources and power development authority to proceed to consider the Ridges Basin dam of the Animas-La Plata project contained in Senate Joint Resolution No. 6, passed at the 1982 regular session of the general assembly, with the expectation that the share of the authority for the Ridges Basin dam will not exceed two million eight hundred thousand dollars, which sum is in addition to those sums previously committed by the authority to the Animas-La Plata project.~~

**SECTION 6. Animas-La Plata project appropriation transfer.** Any remaining unreserved moneys previously authorized to be contributed for the construction of the Ridges Basin dam of the Animas-La Plata project shall be returned to the Colorado water conservation board construction fund.

**SECTION 7. Colorado water conservation board data collection - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board, the sum of two hundred ninety-five thousand dollars (\$295,000), or so much thereof as may be necessary, for satellite monitoring and data collection efforts related to flood forecasting and warning, in-stream flow monitoring, compact protection, and decision support systems.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until they are fully expended.

**SECTION 8. Satellite monitoring system maintenance - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources for allocation to the division of water resources, the sum of three hundred four thousand dollars (\$304,000), or so much thereof as may be necessary, for the maintenance of the satellite monitoring system established and operated pursuant to section 37-80-102 (10), Colorado Revised Statutes.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until they are fully expended.

**SECTION 9. Closed basin well rehabilitation - appropriation.** (1) The Colorado water conservation board is hereby authorized to participate in the rehabilitation of groundwater wells in order to meet water quality and production requirements of the Closed Basin project located in the San Luis valley.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board for allocation to the Rio Grande water conservation district, the sum of two hundred thousand dollars (\$200,000), or so much thereof as may be necessary, for rehabilitating or redrilling Closed Basin project groundwater wells in the San Luis valley.

(3) The moneys appropriated in subsection (2) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 10. Long Hollow/Redmesa Ward reservoir feasibility study - appropriation.** (1) The Colorado water conservation board is hereby authorized to participate in a water storage facility feasibility study in the La Plata river basin in southwest Colorado. The purpose of the study is to evaluate construction of a new reservoir on Long Hollow at the lower end of the basin and enlargement of the existing Redmesa Ward reservoir.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board for allocation to the La Plata water conservancy district, the sum of four hundred forty-five thousand dollars (\$445,000), or so much thereof as may be necessary, to refinance a feasibility study wholly or partially completed and other pre-construction activities associated with the Long Hollow/Redmesa Ward projects.

(3) The moneys appropriated in subsection (2) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 11. Fountain creek watershed project - appropriation.** (1) The Colorado water conservation board is hereby authorized to participate in a watershed study along Fountain creek in the city of Colorado Springs and adjacent areas of El Paso, Pueblo, and Teller counties, Colorado. The purposes of the study are to define specific flood mitigation measures to lessen flood severity and reduce future flood and erosion damages along Fountain creek.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board for allocation to the city of Colorado Springs, the sum of three hundred thousand dollars (\$300,000), or so much thereof as may be necessary, for costs associated with the completion of the Fountain creek watershed project.

(3) The moneys appropriated in subsection (2) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 12. Continuation of the South Platte River decision support system - appropriation.** (1) The Colorado water conservation board is hereby authorized to expend up to two million dollars (\$2,000,000) from the Colorado water conservation board construction fund to continue development of the South Platte river decision support system, development of the necessary databases, and collection of the required water resources information for the development of the surface and groundwater models, consumptive use models, and overall water budget model associated with the decision support system.

(2) The amounts appropriated in this section are in addition to amounts appropriated previously for the South Platte river decision support system. The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 13. Statewide drainage criteria manual - appropriation.** (1) The Colorado water conservation board is hereby authorized to expend up to one hundred

fifty thousand dollars (\$150,000) from the Colorado water conservation board construction fund to complete the preparation of a drainage and floodplain management criteria manual for the state of Colorado.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 14. Floodplain mapping - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board, the sum of one hundred thousand dollars (\$100,000), or so much thereof as may be necessary, to complete new or revised floodplain maps.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 15. Continuation of the Chatfield reservoir reallocation study - appropriation.** (1) The Colorado water conservation board is hereby authorized to expend up to one hundred ninety-two thousand five hundred dollars (\$192,500) from the Colorado water conservation board construction fund to continue development of the Chatfield reservoir reallocation study.

(2) The amounts appropriated in this section are in addition to amounts appropriated previously for the Chatfield reservoir reallocation study. The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 16. Continuation of the Colorado water conservation board document imaging system - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board, the sum of one hundred fifty thousand dollars (\$150,000), or so much thereof as may be necessary, for the board to continue development of the Colorado water conservation board document imaging system.

(2) The amounts appropriated in this section are in addition to amounts appropriated previously for the Colorado water conservation board document imaging system. The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 17. Repeal.** Section 13 of chapter 168, Session Laws of Colorado 1997, is repealed as follows:

**SECTION 13. Salinity control program loans.** ~~The Colorado water conservation board is hereby authorized to expend a cumulative total of one million dollars (\$1,000,000) from unreserved cash in the Colorado water conservation board construction fund for loans to participants in the Colorado river basin salinity control program. Such loans shall be at the terms and conditions the board determines after review and approval of each potential participant's application. The loan amount shall not exceed fifty percent of the total cost of constructing any particular salinity~~

control project.

**SECTION 18. Repeal.** 37-60-122.7 (1), (2), (3), and (4), Colorado Revised Statutes, are repealed as follows:

**37-60-122.7. Feasibility study small grant fund - creation.** (1) ~~There is hereby created in the state treasury the small project loan fund. The state treasurer is hereby authorized and directed to transfer two million dollars from the Colorado water conservation board construction fund to the small project loan fund.~~

(2) (a) ~~The Colorado water conservation board is authorized to make loans from the small project loan fund in a maximum amount of one hundred thousand dollars for small projects if it determines that delay would result in undue hardship on the borrower. These loans shall not require prior general assembly approval, and shall be approved by the board for the purpose of avoiding undue delay in completion of the project.~~

(b) ~~The total amount of loans from the small project loan fund shall not exceed one million dollars in any fiscal year.~~

(3) ~~The board shall submit to the general assembly a written determination of the basis for each loan from the small project loan fund not later than December 1 of the year in which the loan was made.~~

(4) ~~The moneys in the small project loan fund are hereby continuously appropriated to the board for loans in compliance with subsections (1) to (3) of this section. All interest derived from the investment of moneys in the small project loan fund shall be credited to the Colorado water conservation board construction fund. Any balance remaining in the small project loan fund at the end of any fiscal year shall remain in the fund and shall not revert to the Colorado water conservation board construction fund.~~

**SECTION 19. Small project loan fund appropriation transfer.** Any unreserved moneys in the small project loan fund and repayments of loans from such fund shall be returned to the Colorado water conservation board construction fund.

**SECTION 20.** The introductory portion to 37-60-122 (1) and 37-60-122 (1) (b), Colorado Revised Statutes, are amended to read:

**37-60-122. General assembly approval.** (1) ~~Funds~~ MONEYS in the Colorado water conservation board construction fund shall be expended in the following manner and under the following circumstances:

(b) The general assembly may authorize such projects as it deems to be to the advantage of the people of the state of Colorado and shall direct the board to proceed with said projects in the priorities established by the general assembly under terms approved by the general assembly. THE BOARD IS AUTHORIZED TO MAKE LOANS WITHOUT GENERAL ASSEMBLY APPROVAL IN AMOUNTS NOT TO EXCEED ONE MILLION DOLLARS. THE UNAPPROPRIATED BALANCE OF MONEYS IN THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND AND THE STATE SEVERANCE TAX TRUST FUND PERPETUAL BASE ACCOUNT SHALL BE AVAILABLE AND CONTINUOUSLY

APPROPRIATED FOR THIS PURPOSE. THE BOARD SHALL SUBMIT A WRITTEN DETERMINATION OF THE BASIS FOR SUCH PROJECT LOANS TO THE GENERAL ASSEMBLY BY JANUARY 15 OF THE YEAR FOLLOWING THE YEAR IN WHICH THE LOAN WAS MADE.

**SECTION 21. Restoration of emergency infrastructure repair cash fund balance.** A total of two million dollars (\$2,000,000), or so much thereof as may be necessary, shall be transferred by the state treasurer from unreserved cash in the Colorado water conservation board construction fund to the emergency infrastructure repair loan fund in order to restore the balance in the emergency infrastructure repair cash fund to two million dollars (\$2,000,000).

**SECTION 22.** 37-60-122.6 (1), Colorado Revised Statutes, is amended to read:

**37-60-122.6. Emergency infrastructure repair cash fund - authorization.**

(1) There is hereby created in the state treasury the emergency infrastructure repair cash fund, referred to in this section as the "emergency fund". The state treasurer is hereby authorized and directed to transfer two million dollars from the water conservation board construction fund to the emergency fund. The Colorado water conservation board is authorized to make loans from the emergency fund for projects that it determines are necessary to avoid unreasonable risk of injury or damage to human health or well-being or to property or crops when the board also determines that the emergency condition is not the result of negligence in the operation or maintenance of the infrastructure. Such emergency projects may provide a partial, temporary, or permanent and complete solution to the emergency condition. However, the viability or success of such emergency projects may not be dependent upon further appropriations or loans. Any partial or temporary solution to an emergency condition must be one that is sensible and functional on its own merits without regard to the prospect of further state funding. The board shall submit to the general assembly a written determination of the basis for each loan from the emergency fund not later than ~~December~~ + JANUARY 15 of the year FOLLOWING THE YEAR in which such loan was made. The moneys in the emergency fund are hereby continuously appropriated to the board for emergency infrastructure purposes consistent with the definition of "emergency" in section 20 (2) (c) of article X of the state constitution, including, but not limited to, the immediate availability of ~~funds~~ MONEYS for emergency repairs to raw water storage systems, raw water transmission systems, or both such storage and transmission systems. All interest derived from loans and the investment of moneys in the emergency fund shall be credited to the Colorado water conservation board construction fund. Any balance IN EXCESS OF TWO MILLION DOLLARS remaining in the emergency fund at the end of any fiscal year shall ~~remain in the~~ BE CREDITED TO THE COLORADO WATER CONSERVATION BOARD CONSTRUCTION fund.

**SECTION 23. Restoration of flood response fund balance.** A total of one hundred fifty thousand dollars (\$150,000), or so much thereof as may be necessary, shall be transferred by the state treasurer from unreserved cash in the Colorado water conservation board construction fund to the flood response fund to restore the balance in the flood response fund to one hundred fifty thousand dollars (\$150,000).

**SECTION 24. Appropriations to the Colorado river recovery program loan fund.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado river recovery program loan fund not otherwise

appropriated, to the Colorado river recovery program loan fund created in section 37-60-122.9, Colorado Revised Statutes, the sum of two million dollars (\$2,000,000), for the continued implementation of section 37-60-122.9, Colorado Revised Statutes.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 25. Water education foundation - authorization and appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board, the sum of two hundred fifty thousand dollars (\$250,000), for the establishment of a water education foundation and continued support of water education programs by means of a grant to the Colorado Water Congress. The purpose of the board's funding is to promote a better understanding of water issues through educational opportunities and resources so Colorado citizens will understand water as a limited resource and will make informed decisions.

(2) Following the establishment of the water education foundation, in addition to any other appropriation, the Colorado water conservation board is hereby authorized, from the water conservation board construction fund, to annually provide one hundred fifty thousand dollars (\$150,000) to the foundation.

(3) The moneys referred to in subsections (1) and (2) of this section are hereby continuously appropriated to the board for the purposes established in this section.

(4) The board shall review the purposes of this section annually and is hereby authorized to cease providing moneys in the following year, after providing notice to the Colorado Water Congress, if in its discretion, the board determines the purposes for which this section is established have ceased. The board may set terms and conditions as it deems appropriate concerning the annual expenditure of moneys.

**SECTION 26. Colorado river delta in Mexico consultation - appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the Colorado water conservation board, the sum of one hundred thousand dollars (\$100,000), or so much thereof as may be necessary, for operating expenses and activities of Colorado's representatives associated with the international boundary and water commission, the Mexican delta, and Minute 306 to the 1944 treaty with Mexico.

(2) The moneys appropriated in subsection (1) of this section shall remain available for the designated purposes until the project is completed.

**SECTION 27. Restoration of fish and wildlife resources fund balance.** A total of five million dollars (\$5,000,000), or so much thereof as may be necessary, shall be transferred by the state treasurer from unreserved cash in the Colorado water conservation board construction fund to the fish and wildlife resources fund in order to restore the balance in the fish and wildlife resources fund to five million dollars (\$5,000,000).

**SECTION 28.** 37-60-122.2, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**37-60-122.2. Fish and wildlife resources - legislative declaration - fish and wildlife resources fund - authorization.** (5) THE GENERAL ASSEMBLY HEREBY RECOGNIZES THE ROLE INSTREAM FLOWS AND RIVER RESTORATION PROJECTS PLAY IN MITIGATING THE EFFECTS OF THE CONSTRUCTION, OPERATION, AND MAINTENANCE OF WATER DIVERSION, DELIVERY, AND STORAGE FACILITIES. THEREFORE, THE COLORADO WATER CONSERVATION BOARD AND THE OPERATORS OF EXISTING WATER DIVERSION, DELIVERY, OR STORAGE FACILITIES PROJECTS ARE HEREBY AUTHORIZED TO APPLY DIRECTLY TO THE BOARD FOR MONEYS FOR PROJECTS TO CARRY OUT THE PURPOSES OF THIS SECTION. THE BOARD IS AUTHORIZED TO GRANT SUCH MONEYS IF IT FINDS THAT SUCH PROJECTS WILL FURTHER THE PURPOSES OF THIS SECTION.

**SECTION 29.** 37-60-119 (2) and (3), Colorado Revised Statutes, are amended to read:

**37-60-119. Construction of water and power facilities - contracts with and charges against users.** (2) The board may, subject to the provisions in section 37-60-122, enter into contracts for the use of, or to loan moneys to enable the construction, rehabilitation, enlargement, or improvement of, said flood control, water, power, and any related recreational facilities, excluding domestic water treatment and distribution systems, with any agency or political subdivision of this state or the federal government, with individuals, with corporations, or with organizations composed of citizens of this state. Any such contracts may provide for such charges to the using entity as, in the opinion of the board, are necessary and reasonable to recover the board's capital investment, together with operational, maintenance, and interest charges over the term of years agreed upon by contract. Interest charges shall be recommended by the board at between zero and seven percent on the basis of the project sponsor's ability to pay and the significance of the project to the development and protection of the water supplies of the state. ~~Any such~~ INTEREST charges ~~so collected~~ shall be credited to and made a part of the Colorado water conservation board construction fund. ANY OTHER CHARGES, AS DETERMINED APPROPRIATE BY THE BOARD, SHALL BE CONTINUOUSLY APPROPRIATED TO THE COLORADO WATER CONSERVATION BOARD FOR SUPPLEMENTAL OPERATIONAL EXPENDITURES.

~~(3) To promote the efficient management and operation of agricultural and multipurpose water systems, the board is authorized to expend up to five hundred thousand dollars as demonstration grants on a fifty percent cost sharing basis for projects to improve water management or to reduce the operational costs of such systems.~~

**SECTION 30.** 37-60-120 (2) and (3), Colorado Revised Statutes, are amended to read:

**37-60-120. Control of projects - contractual powers of board.** (2) ~~The sponsor of a project may not initiate or incur costs for final designs and specifications for a project, nor award a contract for, proceed with, or in any manner incur costs for construction of a project, until such sponsor has complied with all procedures and requirements of the board.~~ If a sponsor fails to comply with the board's procedures

and requirements, the board may, at its discretion, withhold or terminate all or a portion of the board's financial contribution to or loan for a project, notwithstanding the authorization of the same by the general assembly, or the board may require such assurances from the project sponsor as the board deems necessary in order to adequately protect the board's investment in a project.

(3) The board may adjust the authorized interest rate, extend the authorized repayment period for any project, ~~and~~ OR defer one or more annual payments if, in the board's opinion, the entity requesting such adjustment, extension, and deferment demonstrates that it has encountered significant and unexpected financial difficulties and that it has been duly diligent in its efforts to comply with the repayment provisions of its contract with the board.

**SECTION 31.** 37-60-121(1) (b) (II), (1) (b) (IV), (1) (b) (V), and (3), Colorado Revised Statutes, are amended to read:

**37-60-121. Colorado water conservation board construction fund - creation of - nature of fund - funds for investigations - contributions - use for augmenting the general fund - funds created.** (1) (b) In the consideration of making expenditures from the fund, the board shall be guided by the following criteria:

(II) The balance of the moneys available to the fund shall be devoted to projects for the repair and rehabilitation of existing water storage and delivery systems, controlled maintenance of the satellite monitoring system authorized pursuant to section 37-80-102 (10), and for investment in water management activities and studies; ~~as provided in section 37-60-119 (3);~~

(IV) The board shall participate in only those projects ~~which~~ THAT can repay the board's investment. SERVICE CHARGES AND OTHER TERMS OF REPAYMENT SHALL BE ESTABLISHED BY THE BOARD. Grants shall not be made, unless specifically authorized by the general assembly acting by bill. ~~and service charges and other terms of repayment shall be established by the board.~~

(V) ~~All other means of financing shall be thoroughly explored before use is made of fund moneys;~~

(3) (a) THE BOARD MAY RECEIVE AND EXPEND contributions of money, property, or equipment ~~may be received and expended~~ from any ~~county, municipality, federal agency, water conservation district, metropolitan water district, conservancy district, water users' association, person, or corporation~~ SOURCE for use in making investigations, contracting projects, or otherwise carrying out the purposes of sections 37-60-119 to 37-60-122.

(b) TO ACCEPT, ALLOCATE, EXPEND, AND OTHERWISE USE CONTRIBUTIONS AND DONATIONS OF MONEY, PROPERTY, OR EQUIPMENT FROM ANY SOURCE TO CARRY OUT THE PURPOSES OF THIS ARTICLE AND SECTION 37-92-102 (3). SUCH CONTRIBUTIONS ARE HEREBY CONTINUOUSLY APPROPRIATED TO THE BOARD FOR THE PURPOSES ESTABLISHED BY THIS SECTION.

**SECTION 32. Repeal.** 37-60-122.4, Colorado Revised Statutes, is repealed as

follows:

**37-60-122.4. Horse Creek basin account - creation.** ~~(1) There is hereby created in the state treasury as part of the Colorado water conservation board construction fund the Horse Creek basin account. The state treasurer is hereby authorized and directed to transfer nine hundred fifteen thousand dollars from the Colorado water conservation board construction fund to the Horse Creek basin account.~~

~~(2) The Colorado water conservation board is authorized to make loans from the Horse Creek basin account to finance the costs of acquiring water rights for augmentation, the engineering and legal costs of adjudication of an augmentation plan, and the costs associated with obtaining an operating agreement to facilitate said augmentation plan for water users in the Horse Creek basin area. The Colorado water conservation board is authorized to contract, pursuant to section 37-60-119(2), for the loans specified in this subsection (2). The loans shall be subject to an interest rate and repayment period to be determined solely by the Colorado water conservation board. The Colorado water conservation board shall, pursuant to section 37-60-120(1), require such terms and conditions in any contract entered into pursuant to this subsection (2) that will ensure repayment of the loan.~~

~~(3) The Colorado water conservation board is hereby authorized to loan the Horse Creek water users association the amount of eight hundred twenty-five thousand dollars (\$825,000) from the Horse Creek basin account created in subsection (1) of this section, pursuant to the terms and conditions of subsection (2) of this section.~~

**SECTION 33. Horse Creek basin account appropriation transfer.** Any unreserved moneys in the Horse Creek basin account in the Colorado water conservation board construction fund shall be returned to the Colorado water conservation board construction fund.

**SECTION 34. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 23, 2002