



**Colorado
Legislative
Council
Staff**

HB16-1283

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0531
Prime Sponsor(s): Rep. Becker K.

Date: March 2, 2016
Bill Status: House Agriculture
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: WATER LOSS AUDIT REPORT PERFORMANCE STANDARDS

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 | FY 2018-19 |
|--|---------------------|------------------------|------------------------|
| State Revenue | \$0 | \$0 | \$0 |
| <i>State Transfers</i> | | | |
| Drinking Water Revolving Fund | (150,000) | (150,000) | (150,000) |
| Water Efficiency Grant Program Cash Fund | 150,000 | 150,000 | 150,000 |
| State Expenditures | | up to \$300,000 | up to \$150,000 |
| Cash Funds | | up to 300,000 | up to 150,000 |
| Appropriation Required: None. | | | |
| Future Year Impacts: Ongoing workload increase. | | | |

Summary of Legislation

The bill requires a public entity that supplies at least 2,000 acre-feet of water per year to its customers (covered entity), to submit a validated water loss audit report to the Colorado Water Conservation Board (CWCB) in the Department of Natural Resources (DNR), on or before June 30, 2018, and on or before June 30 of each year thereafter. The CWCB must adopt guidelines for the water loss audit reports no later than January 1, 2018. No earlier than January 1, 2020, and no later than July 1, 2021, the CWCB must establish a score that a covered entity's water loss audit report should attain.

The bill also authorizes CWCB to award water efficiency grants to covered entities for validation assistance with the required water loss audit reports and to provide technical training and assistance to guide a covered entity's water loss detection programs in FY 2017-18 and FY 2018-19. The bill transfers \$150,000 from the unobligated balance of the Drinking Water Revolving Fund to the Water Efficiency Grant Program Cash Fund on July 1, 2016, July 1, 2017, and July 1, 2018, for these purposes.

Beginning September 1, 2020, the CWCB and the Colorado Water Resources and Power Development Authority must consider a covered entity's water loss audit report when deciding whether to provide financial assistance to the covered entity.

Background

Water loss for water utilities in Colorado is generally defined as the water lost between a water treatment plant and a customer delivery point (i.e., the tap) through the utility-owned distribution system.

The continuously appropriated Water Efficiency Grant Program provides financial assistance to communities, water providers and eligible agencies for water conservation-related activities and projects. It is currently appropriated \$550,000 annually through FY 2019-20. This bill will increase the appropriation for the program to \$700,000 per year through FY 2018-19.

State Revenue

State transfers. This bill transfers \$150,000 per year for three years from the unobligated balance of the Drinking Water Revolving Fund to the Water Efficiency Grant Program Cash Fund to make grants available for water loss audit validation assistance and technical training and assistance to guide covered entities' water loss detection programs.

State Expenditures

This bill will increase state cash fund expenditures by up to \$300,000 in FY 2017-18 and up to \$150,000, plus any unexpended balance from the prior year, in FY 2018-19 from the Water Efficiency Grant Program Cash Fund in the DNR. These expenditures are for grants and will depend on the number and size of grants awarded. The grants will be awarded beginning in FY 2017-18 so there are no expenditures for FY 2016-17.

The CWCB workload will increase to develop guidelines for water loss audit reports by January 1, 2018, and a scoring methodology between January 1, 2020 and July 1, 2021. The CWCB will also administer the grant program expansion. This workload increase is expected to be addressed within existing appropriations.

Local Government and Statutory Public Entity Impact

Water providers owned by local governments will have an increase in workload associated with the preparation of validated water loss audit reports. These providers will have an opportunity to receive grants from the Water Efficiency Grant Program for issues related to water loss.

The Colorado Water Resources and Power Development Authority, which is a statutory public entity, will have a minimal increase in workload to consider a covered entity's water loss audit report when evaluating an application for financial assistance with water infrastructure improvements.

Effective Date

Section 1 of the bill takes effect September 1, 2020, and the remainder of the bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology Natural Resources

Research Note Available

An LCS Research Note for HB 16-1283 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.