

**FINAL  
FISCAL NOTE**

<b>Drafting Number:</b> LLS 12-0677	<b>Date:</b> May 11, 2012
<b>Prime Sponsor(s):</b> Sen. Brophy Rep. Sonnenberg	<b>Bill Status:</b> Postponed Indefinitely
	<b>Fiscal Analyst:</b> Lauren Ris (303-866-3264)

**TITLE:** CONCERNING THE CREATION OF PILOT PROJECTS TO EMPOWER THE STATE ENGINEER TO REDUCE AUGMENTATION REQUIREMENTS.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>		
<b>State Expenditures</b> General Fund		\$334,958
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> The bill was postponed indefinitely by the Senate Agriculture, Natural Resources, and Energy Committee on February 16, 2012.		
<b>Appropriation Summary for FY 2012-2013:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill authorizes the State Engineer in the Division of Water Resources, Department of Natural Resources, to create three pilot projects to reduce augmentation requirements in the South Platte River Basin for up to a year. Augmentation is when water users replace the quantity of water depleted from out-of-priority diversions. The purpose of the pilot projects is to:

- reduce augmentation in areas that are experiencing historically high levels of groundwater saturation;
- reduce flooding in areas where flooding has been determined to be exacerbated by current augmentation levels;
- compile and analyze data; and
- assess the effects of reduced augmentation on water levels.

**State Expenditures**

*This bill is expected to increase expenditures in the Department of Natural Resources by \$334,958 in FY 2013-14.*

*Division of Water Resources, Department of Natural Resources.* If the State Engineer undertakes the pilot projects, in FY 2012-13, criteria and guidelines may need to be developed for selecting project areas. Potential locations for pilot projects will be examined and identified in the South Platte River Basin. In FY 2012-13, the division will require 12 hours of legal services from the Department of Law at \$75.71 per hour to assist in identifying criteria for pilot projects, confirming that such criteria are appropriate pursuant to statute, and to coordinate with attorneys representing water users on the chosen criteria. These costs will be absorbed within the division's existing appropriations. Given the historic contentiousness of water issues in the South Platte River Basin, the division will require \$9,842 for 130 hours of legal services in FY 2013-14 to handle legal challenges if the State Engineer relaxes augmentation requirements.

The pilot project program will involve collecting and compiling data, performing analyses, and continually monitoring the effects of reduced augmentation on ground water levels. To perform these tasks, the division will need to install groundwater level monitoring wells and precipitation data collection stations in the 18 square mile pilot project area. Data collected will be compared to streamflow data, precipitation data, ditch and well diversion data, and recharge data to estimate the impact of augmentation on ground water levels.

If three suitable project areas are identified, the fiscal note assumes the division will start data collection and analysis for the pilot projects in FY 2013-14. The fiscal note estimates that each project could cost up to \$108,372. Table 1 provides the estimated annual costs for one pilot project.

<b>Table 1. Estimated Pilot Project Costs Under SB 12-142</b>			
<b>Task</b>	<b>Units</b>	<b>Cost Per Unit</b>	<b>Total Cost</b>
Construct monitoring wells in each 18 square mile pilot project area	18 monitoring wells	\$5,000	\$90,000
Purchase and install data loggers on half of monitoring wells	9 monitoring wells	1,300	11,700
Purchase Rain Gauge	1 gauge	300	\$300
Miles traveled to collect data from monitoring wells	2,100 miles	0.45	972
Overtime paid to collect data	150 hours	36	5,400
<b>TOTAL (1 project)</b>			\$108,372
<b>GRAND TOTAL (3 projects)</b>			\$325,116

*Judicial Department.* While there may be appeals of the State Engineer's decisions, due to the limited size of the area that may be affected by the pilot program, any impact to the state's courts will be minimal and absorbed within existing appropriations.

**Departments Contacted**

Natural Resources                      Law                      Judicial