

Funding & Financing Resources: Non-Functional Turf Conversion in Colorado

Introduction

WaterNow Alliance (WaterNow) partnered with the City of Longmont (Longmont) to build on and complement its ongoing residential turf removal rebate program by establishing a data-driven target for reducing non-functional turf on city-owned property. Increasing water efficient and climate appropriate landscapes will enable the City to decrease outdoor water demand and move towards the conservation goals outlined in its Water Efficiency Master Plan. As part of this project, WaterNow compiled the following shortlist of sources of funding and financing opportunities to support non-function turf conversion projects.

Grant Opportunities

Below are local, state, and federal grant, loan, and bond opportunities available to fund Longmont's – and other Colorado communities' –turf conversion projects. These include: (1) Local Water District Grants; (2) Colorado Water Conservation Board (CWCB) Water Plan Grants; (3) CWCB Water Supply Reserve Fund Program; (4) U.S. Bureau of Reclamation WaterSMART Grants; and (5) Long-term Financing Options: Bonds and Loans. These are not intended to be an exhaustive list of all of the potential funding or financing opportunities that may be available, but rather, a starting point of avenues to explore.

1. Local Water District Grants

Both the St. Vrain & Left Hand Water Conservancy District and Northern Water have funding opportunities to support outdoor water efficiency efforts, including turf replacement programs and projects.

St. Vrain & Left Hand Water Conservancy District Partner Funding Program

Overview:

In 2020, the St. Vrain and Left Hand Water Conservancy District developed and adopted the [Five Point Plan](#) concentrating the Districts efforts and resources on key water issues, funding projects that align with one of the following five key points.

- Protect water quality and drinking water sources
- Safeguard and conserve water supplies
- Grow local food
- Store water for dry years
- Maintain healthy rivers and creeks

Since then, the District has funded over a dozen local projects that align with their mission and the goals outlined in the Five Point Plan.

Eligibilities & Funding Amounts:

The District will field funding requests from a variety of partners including but not limited to established non-profit organizations, watershed coalitions, State of Colorado departments and agencies, local governments, and conservation districts. All funding requests must go to projects, programs, or services that occur or will have a net benefit within the boundaries of the St. Vrain and Left Hand Water Conservancy District and must benefit the District's constituents. Any funding request must align with the District's mission and values as expressed by the District's Five Point Plan and aligned with at least one of the five points described above.

There is no maximum budget request, but it is the expectation of the District that the potential partner contribute matching funds for any project. Matching funds can consist of a cash match or a combination of cash and in-kind match, such as services and labor of the potential partner.

Potential partners requesting funds must show they are able to accomplish the proposed work, based on the following:

- Annual budget
- Level of staffing to be directed toward the implementation of the proposed work
- Demonstrate realistic budget and schedule
- Partner length of existence
- History of accomplishments in the basin
- On a case by case basis, and when necessary, insurance and/or indemnification

Application Procedures and Timelines:

The District follows the following process for review and approving funding requests:

1. **Initial Conversation:** Potential partners are expected to initiate a discussion with District staff to discuss the project and partnership opportunity. The District will provide guidance to potential partner entities to ensure a funding request has merit.
2. **Funding Request Letter:** Potential partner entities provide a funding request letter to the District that includes, at minimum, the following: a project description, description of the organization, funds requested and match amount, stakeholder involvement, and specific elements of how the District will be recognized for its financial contributions to the project.
3. **District Review:** District staff will review the funding request letter and work with the potential partner to refine the scope or budget to ensure alignment with the District's mission, values, and available funds. The funding request will then be presented to the District Board for a vote of approval.
4. **Agreement:** If the District Board approves the funding request, the District will enter into a formal agreement with the partner.

5. Reporting: The agreement will require the partner to provide regular formal and informal updates to District staff and the District Board on the progress of the project, financial status, project outreach and District recognition, and other information.
6. Timeline: **Funding request letters must be received by the District before September 1** to receive funds for the following calendar year. Funding requests are presented to the District Board at the November board meeting.

More information about this partner funding opportunity is available [here](#).

Northern Water's Water Efficient Landscape Grant Program

Overview:

In 2018 Northern Water launched a Collaborative Water-Efficient Landscape Grant Program to promote water-efficient, Colorado climate-friendly landscapes that serve as regional demonstration and outreach efforts. These grants provide financial support for commercial-scale landscape projects aimed at reducing water use while using ecosystem services. Northern Water also provides signs and other materials so the project can serve as a landscape efficiency education site.

Eligibilities & Funding Amounts:

The program is open to new or redeveloping landscapes at public or private facilities, including cities, enterprises, non-profits, businesses, schools, multi-family complexes, and HOA-managed landscapes. Facilities must be located within Northern Water's boundaries (see [map](#)).

Project applicants can request up to \$20,000 per project with a 50% match requirement.

Application Procedures and Timelines:

To apply for this grant program, applicants will follow a multi-step process. Below are the steps and timeline for the 2024 – 2025 grant program:

1. Participate in a [landscape consultation](#) with Northern Water (June – September 2024)
2. Applicants are open and reviewed by Northern Water staff (October – December 2024)
3. Applicants are notified of their funding request (January 2025)
4. Contracts are put into place and projects begin (Spring 2025)
5. Project completion deadline (September 2025)

More information, including a list of required application resources, is available at this [website](#).

2. Colorado Water Conservation Board (CWCB) Water Plan Grants

Overview:

The [CWCB Colorado Water Plan Grants](#) are a particularly robust option to fund larger-scale turf replacement projects. CWCB's Water Plan Grants program is organized to fund projects that advance the Water Plan's measurable objectives within five specific categories. Projects or programs that convert turf grass to waterwise landscaping are typically funded under the **Conservation & Land Use Planning** category.

Eligibilities & Funding Amounts:

Governmental entities including municipalities, districts, enterprises, counties, and State of Colorado agencies are all eligible for CWCB Water Plan Grants. Private entities, including mutual ditch companies, non-profit corporations, and partnerships are also eligible.

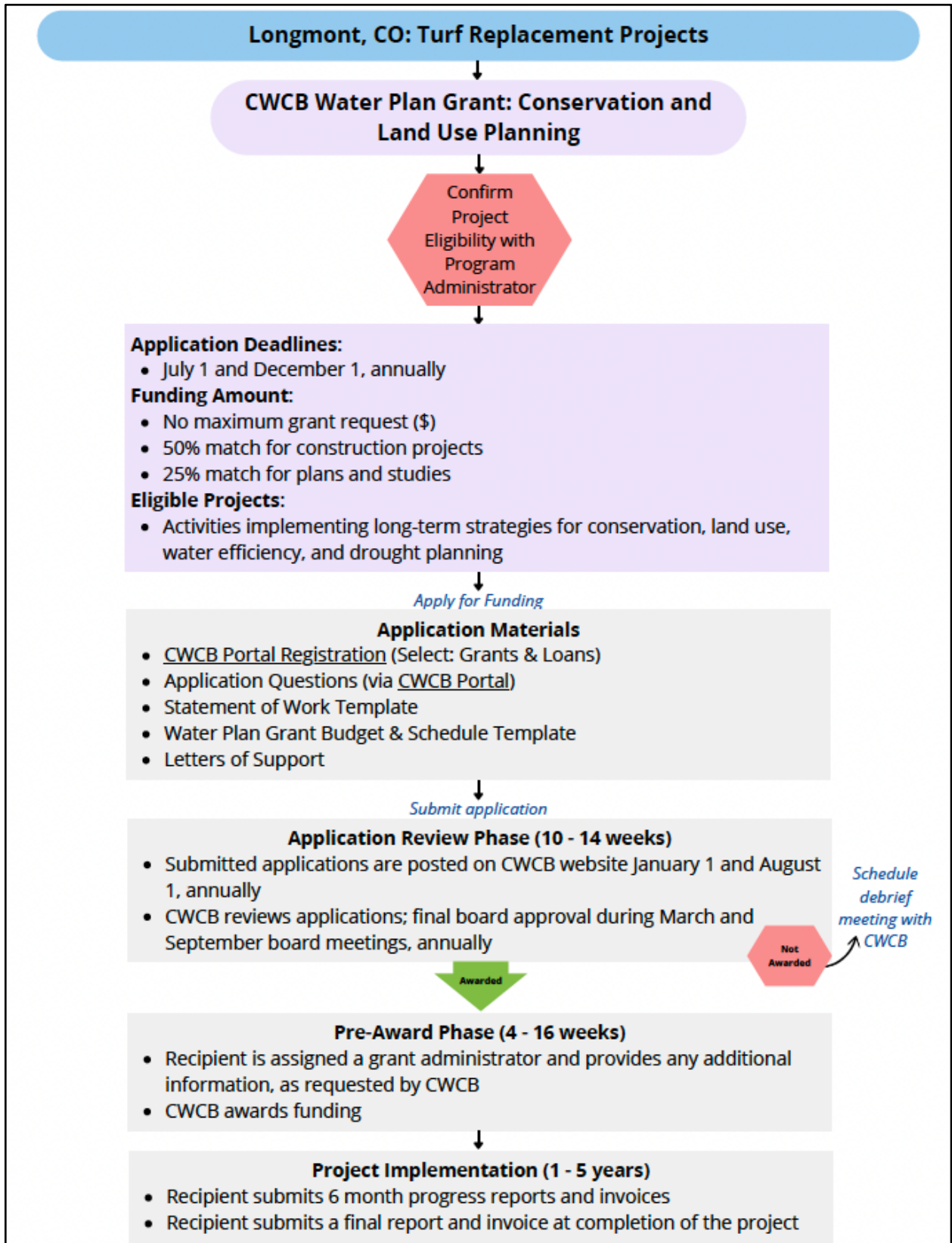
There is no maximum budget request and the amount of money available for Water Plan Grants changes annually. A minimum of **50% match is required for all construction projects** and a minimum of **25% match is required for all plans or studies**. CWCB states that greater weight will be given to projects with a higher match. Project costs can be a mix of in-kind and cash match, but in-kind services cannot exceed more than half of the match total.

Application Procedures & Timelines:

All Colorado Water Plan Grant applications must be submitted through the Grant Portal, which can be found linked on the [CWCB website](#).

Applications for Colorado Water Plan Grants are accepted twice a year on **December 1st and July 1st**. Final board approval of projects takes place during the March board meeting and the September board meeting each year.

You can find detailed information on eligibility, application process, evaluation criteria, and grant administration in CWCB's [Water Plan Grant Program Guidelines](#).



3. Colorado Water Conservation Board (CWCB) Water Supply Reserve Fund Program

Overview:

Perhaps a less familiar option, the Water Supply Reserve Fund (WSRF) Grants are potentially available for turf conversions, as well as a range of related planning and study activities. The [Water Supply Reserve Fund Grants](#) support eligible Colorado entities complete water activities to reduce the water supply gap, protect and enhance the environment, agriculture, water-based recreation, and educate and inform Coloradans about water issues.¹ The WSRF is administered by CWCB in collaboration with the Interbasin Compact Committee (IBCC), with each of Colorado's [nine basin roundtables](#) managing their specific WSRFs.

Eligibilities & Funding Amounts:

Longmont would be eligible for the Water Supply Reserve Grants. Water Supply Reserve funds vary each year depending on available Severance Tax Trust Fund amount and amendments by the legislature. **MRT WSRF grants vary depending on the project, ranging between \$10,000 to \$1 million.**

The WSRF Grant requests require a minimum of a 25% match and greater weight may be given to projects with a higher match. A combination of in-kind and cash match are allowed, with no more than half of the match consisting of in-kind.

Application Procedures & Timelines:

Longmont would apply to the [Metro Roundtable](#) (MRT) for a WSRF grant, which is aimed at addressing critical water supply challenges and interests in the Denver metropolitan area, following the goals outlined in the [South Platte Basin Implementation Plan](#) (BIP). The MRT has six specific grant topic areas for the WSRF, including:

- Planning, studies, and permitting
- Water supply infrastructure
- Conservation, efficiency, and reuse
- Irrigated agriculture
- Watershed health, environmental, and recreational attributes
- Education and outreach

The MRT encourages multi-purpose projects that encompass more than one of the above categories. Efforts to meet the municipal and industrial (M&I) water supply gap is a high priority in the MRT as the

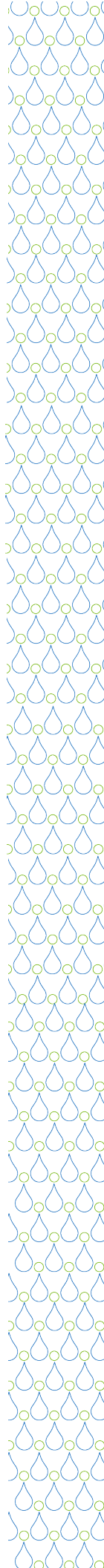
¹ Metro Roundtable Water Supply Reserve Fund Program Guidelines (Revised February 2023):
https://static1.squarespace.com/static/62102d32cbc97713f25c3099/t/64b18b18946663484bf5eb23/1689357080310/07_13_2023_MRT-WSRF-Guidelines_Final+Approved.pdf

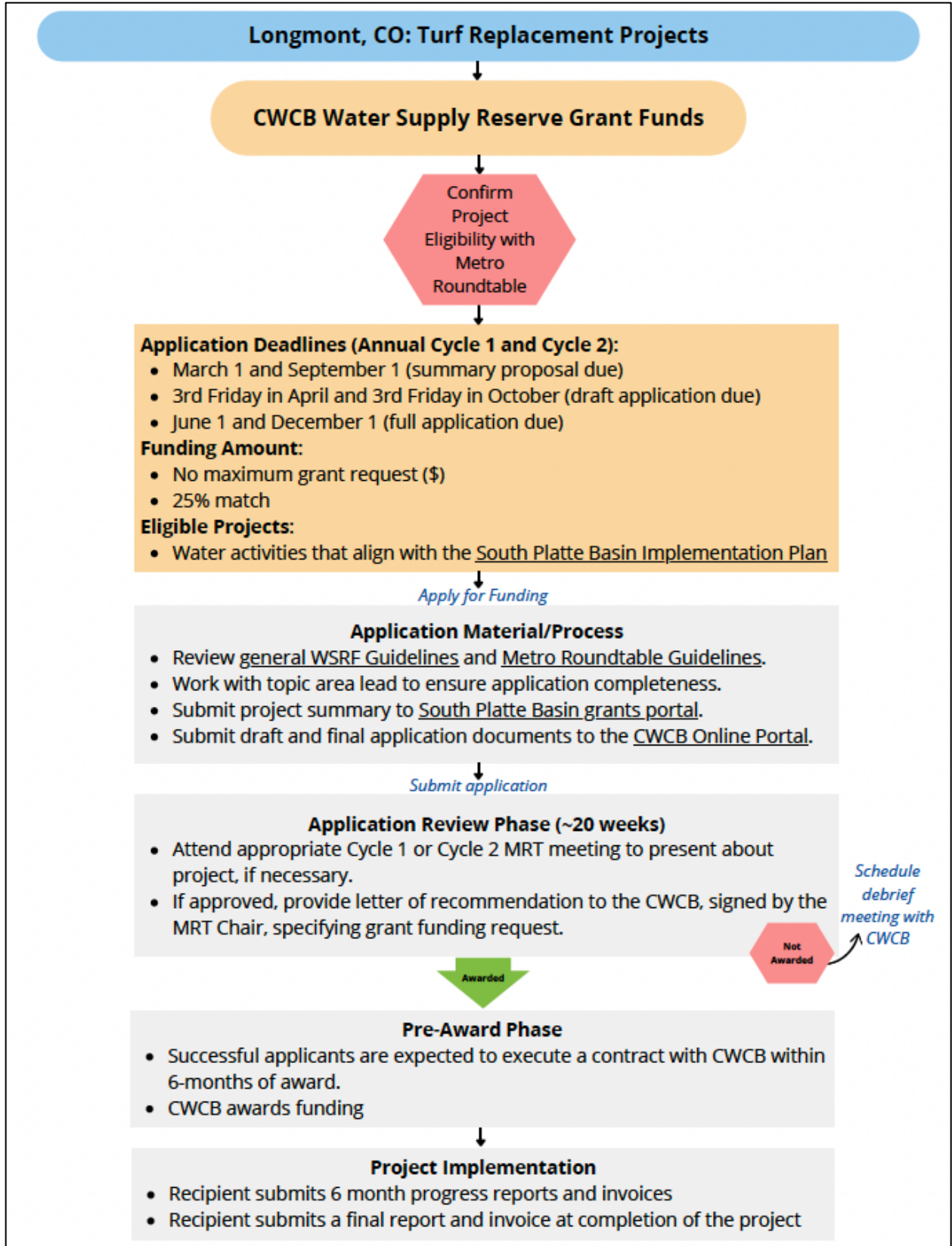
South Platte Basin population is expected to grow 42 to 70 percent between 2015 and 2050.² Included in projects focused on meeting the M&I gap funded by MRT WSRF are turf replacement projects.

The MRT follows a Cycle 1 and Cycle 2 schedule, as shown in the table below.

Application Step	Cycle 1 Deadline	Cycle 2 Deadline
Online summary proposal due to www.southplattebasin.com/grants	March 1	September 1
Draft full application submittal on CWCB Portal	3 rd Friday in April	3 rd Friday in October
MRT award decision	May MRT Meeting	November MRT Meeting
Final application submittal on CWCB Portal	June 1	December 1
CWCB Board Approval Meeting	September	March

² CWCB South Platte Basin Implementation Plan. Section 9 (January 2022): <https://static1.squarespace.com/static/62102d32cbc97713f25c3099/t/6408dfa392f086648349ae1a/1678303140022/BIP+at+a+Glance+rev.pdf>





4. U.S. Bureau of Reclamation WaterSMART Grants

Overview:

Two federal WaterSMART opportunities, the Water and Energy Efficiency Grants (WEEG) and Small-Scale Water Efficiency Projects (SWEP), offer support for turf replacement programs or projects. WaterSMART grants are open to states, Indian tribes, irrigation districts, water districts or other organizations (including state, regional, or local authorities) with water or power delivery authority in the Western US, as well as non-profit conservation organizations that are acting in partnership with any of these entities.

A. WaterSMART Water and Energy Efficiency Grants (WEEG) focus on large-scale projects that produce quantifiable and sustained water and energy savings, implement renewable energy components, and support broader sustainability benefits.

Project Eligibility:

Landscape Irrigation Measures: Projects that provide water savings by reducing outdoor water usage. These measures include turf removal, Smart irrigation controllers (weather or soil-moisture based) and high-efficiency nozzles (sprinkler heads). These measures are typically promoted by water entities through rebates or direct-install programs, which are eligible for WaterSMART Grants funding. Projects include, but are not limited to:

- Removing turf
- Installing Smart irrigation controllers
- Installing high-efficiency nozzles (e.g., sprinkler heads)

Funding Amounts:

Federal funding maximums are as follows:

- Funding Group I: Up to **\$500K** in Federal funds for smaller on-the-ground projects that may take up to 2 years to complete.
- Funding Group II: Up to **\$2M** in Federal funds for larger on-the-ground projects that may take up to 3 years to complete.
- Funding Group III: Up to **\$5M** in Federal funds for larger on-the-ground projects that may take up to 3 years to complete.

Application Deadlines:

Application deadlines are typically posted at the [USBR website](#).

B. The WaterSMART Small-Scale Water Efficiency Projects (SWEP) program is for smaller projects to conserve or otherwise make more efficient local use of water supplies.

Project Eligibility:

Landscape Irrigation Measures: Projects that provide water savings by reducing outdoor water usage. These measures include turf removal, Smart irrigation controllers (weather or soil-moisture based) and

high-efficiency nozzles (sprinkler heads). These measures are typically promoted by water entities through rebates or direct-install programs, which are eligible for WaterSMART Grants funding. Projects include, but are not limited to:

- Removing turf
- Installing Smart irrigation controllers
- Installing high-efficiency nozzles (e.g., sprinkler heads)

Funding Amounts:

The maximum award for SWEP is up to **\$100K** per applicant. Total project costs should generally be \$225K or less. In general, proposed projects should be completed within two years of receiving the award.

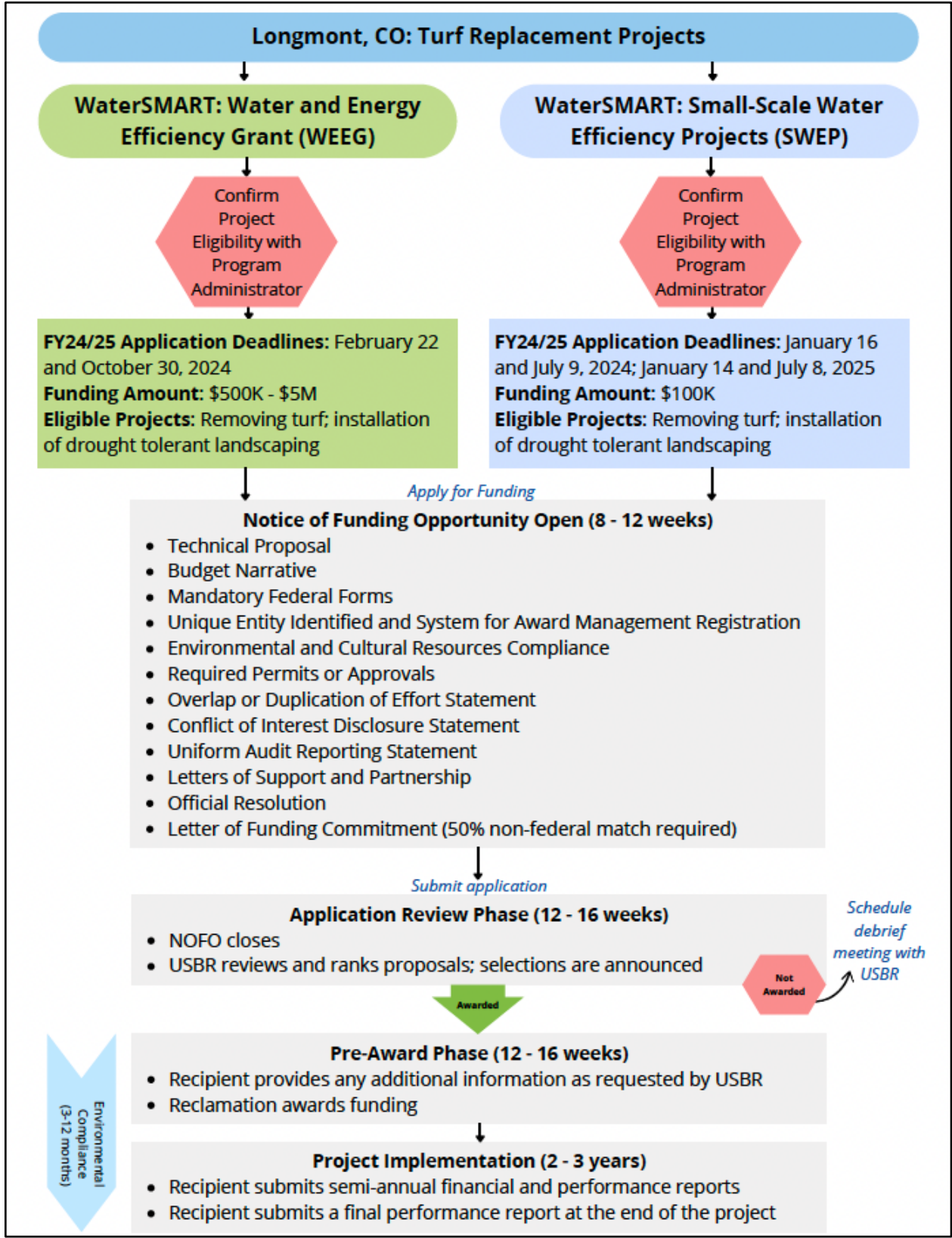
Application Deadlines:

Application deadlines are typically posted at the [USBR website](#).

WaterNow Alliance offers **free WaterSMART application support**, including:

- 1-on-1 calls to discuss grant opportunities and strategize next steps
- Targeted research tasks related to your application
- Application templates that follow the Notice of Funding Opportunity
- Editing and detailed review of your application
- And more! We work closely with Colorado communities to determine which types of support would be most valuable to their utility or organization.

WaterNow has helped Colorado communities access over **\$9 million in USBR funding**, totaling to over **\$26 million in total project cost** for sustainable water projects.



Long-Term Financing Options: Bonds and Loans

Overview: Longmont has the option to finance turf conversion projects alongside other water infrastructure investments using municipal revenue bonds and/or Colorado State Revolving Fund (SRF) loans.

A. Municipal Revenue Bonds

Municipal revenue bonds are debt instruments issued by local governments, including utilities, which raise funds for capital projects. These bonds are a familiar financing mechanism routinely issued by water utilities to pay for water projects intended to provide long-term benefits to the local water system. As a familiar path to financing water infrastructure investments well within local agencies' decision-making authority, bonds may present an attractive option for financing large-scale turf replacement programs. Longmont should have the needed legal authority to use its own municipal bond proceeds to finance turf conversion investments, including on public and private property.

Eligibility

In the context of bond financing water infrastructure, Longmont is authorized to issue revenue bonds “payable from the revenues derived or to be derived from the function, service, benefits, or facility or the combined functions, services, benefits, or facilities of the [water system]...” according to the terms of a local bond ordinance.³ In its most recent water enterprise revenue bond ordinance, the city determined that it can issue bonds for the purpose of financing “water system improvements.”⁴

To understand whether this authority includes the option to finance investments in turf conversions on public and private property, the city will need to consider the definitions of “the water system” and “improvements.” These are explained below.

As defined in Longmont’s prior bond ordinances, “water system” means:

the City’s system for the collection, treatment and discharge of water and consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, whether situated within or without the City boundaries, used in connection with such system of the City, and in any way appertaining thereto, including all present or future improvements, extensions, enlargements, betterments, replacements or additions thereof or thereto and administrative facilities.⁵

“Improvements” to the water system include, “property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be

³ C.R.S. § 37-45.1-104(2).

⁴ Ordinance No. O-2021- An Ordinance Authorizing the Issuance of the City of Longmont Enterprise Water Revenue Bonds, Series 2021A (Bond Ordinance).

⁵ Bond Ordinance, Article I, Definitions.

incorporated into the System.”⁶ In other words, Longmont is authorized to bond finance facilities that support the collection and delivery of water so long as it has “acquired” these facilities.

Converting turf to waterwise landscaping is a source of supply, serving in the aggregate the same functions as reservoirs. Accordingly, turf conversions likely qualify as improvements to the water system for purposes of Longmont’s revenue bond ordinance. To the extent Longmont is authorized to finance improvements which it has “acquired,” this should not be a barrier to financing turf change-outs on public property the city owns because the city will own the new waterwise landscaping, as well. Similarly, there should be no barrier for private property investments in waterwise landscaping. To “acquire” the necessary interest, the city has the option to enter into conservation easements with property owners who convert turfgrass to waterwise landscaping. This is the approach Southern Nevada Water Authority follows; SNWA obtains permanent conservation easements on the properties where the turf replacements are located.⁷ The need for easements has not been a significant barrier to participation for SNWA. Since 1999, SNWA has recorded slightly more than 70,000 easements covering more than 200 million square feet of waterwise landscaping; less than 1% of these easements have been modified or rescinded.

B. Colorado State Revolving Fund Loans

The Federal Clean Water Act and the Safe Drinking Water Act establish state revolving funds (SRFs) that offer low-cost loans to assist communities with implementing water projects and advancing water management objectives of various kinds. Generally, the Clean Water SRF focuses on wastewater treatment and disposal, while the Safe Drinking Water SRF focuses on ensuring the health and safety of the nation’s drinking water supplies.

Colorado’s SRF is administered jointly by three agencies: the Colorado Department of Public Health & Environment, the Colorado Department of Local Affairs, and the Colorado Water Resources and Power Development Authority (collectively, “SRF Agencies”). Colorado’s SRF program consists of two funds—the Water Pollution Control Revolving Fund (WPCRF) and the Drinking Water Revolving Fund (DWRF). Both issue loans to Colorado public water providers to finance the design and construction of water supply and water pollution control infrastructure projects statewide.

Eligibilities & Funding Amounts:

Colorado cities, towns, counties, and special metropolitan water districts are all eligible applicants for the state’s SRFs. Water conservation and efficiency programs are “eligible projects” for purposes of both of Colorado’s SRFs, and either could be available to finance turf conversions on both public and private property.⁸ Colorado regulations governing the Drinking Water SRF define “water conservation projects”

⁶ Bond Ordinance, Article I, Definitions.

⁷ SNWA. Conservation Easement Template. 2023. <https://www.snwa.com/assets/pdf/wsl-restrictive-covenant.pdf>.

⁸ Because they are governed by different regulations, SRF loans in Colorado do not have the types of legal limitations related to Longmont’s municipal bonds. For example, if Longmont were to finance turf replacements on private property with an SRF loan may be able to avoid the need for conservation easements.

as any measure that “achieves a reduction in water consumption” for a water system. The regulations also expressly cite consumer incentives, public awareness, and public education as a types of eligible water conservation projects. Similarly, it is Colorado’s general policy to use the Clean Water SRF to “promote water conservation.”

There is **no set funding amount** for SRF loans. What the SRF refers to as “direct loans” are for smaller projects of \$3 million or less. Loans of more than \$3 million are “leveraged loans,” meaning that the loans are funded by proceeds of a bond issued by the Colorado SRF program that is secured by loan repayments. Other than the funding amounts there are no major differences between these two tracks.

Another important factor for the loan amount will be the applicable interest rate. Interest rates for the SRFs depend on the source of the funding for the loan, the loan amount and term, whether the recipient qualifies as a disadvantaged community, and whether the project qualifies as a Green Project Reserve project.

Application Procedure and Deadlines:

The Colorado SRF application process begins with completion of the annual “eligibility survey” that is open from **May – June each year** and hosted on the Colorado Environmental Online Services (CEOS) online platform.⁹ Completing this survey does not commit the city or utility to apply for a loan; it is a mandatory pre-requisite for applying, however.¹⁰

Once the survey is completed, the next step is submitting a pre-qualification form. This form asks for general information about the city and water system, as well as an executive summary of the proposed project and project purpose and need. To complete the pre-qualification form, the applicant will also need information about the project design, environmental analysis, and financials.

After submitting the pre-qualification form, SRF project managers will reach out to the applicant and schedule a pre-qualification meeting to discuss the next steps in the SRF loan process. If eligible, grants for planning, design, and engineering will also be discussed at this initial meeting. The SRF project managers will work with the applicant to determine the financing structure, including what, if any, portion of a loan will be principal forgiveness.

The SRF application process also includes, but may not be limited to, completing these forms and/or providing documentation:

- Project needs assessment
- Environmental assessment
- Cost effectiveness certification

⁹ https://ceos.colorado.gov/CO/CEOS/Public/Client/CO_CIMPLE/Shared/Pages/Main/Login.aspx

¹⁰ It is also a requirement that SRF applicants create an account on the CEOS system if they do not already have one, as all the application materials are submitted through that portal.

- Public meeting notice, agenda, meeting minutes, responsiveness summary, and list of attendees.

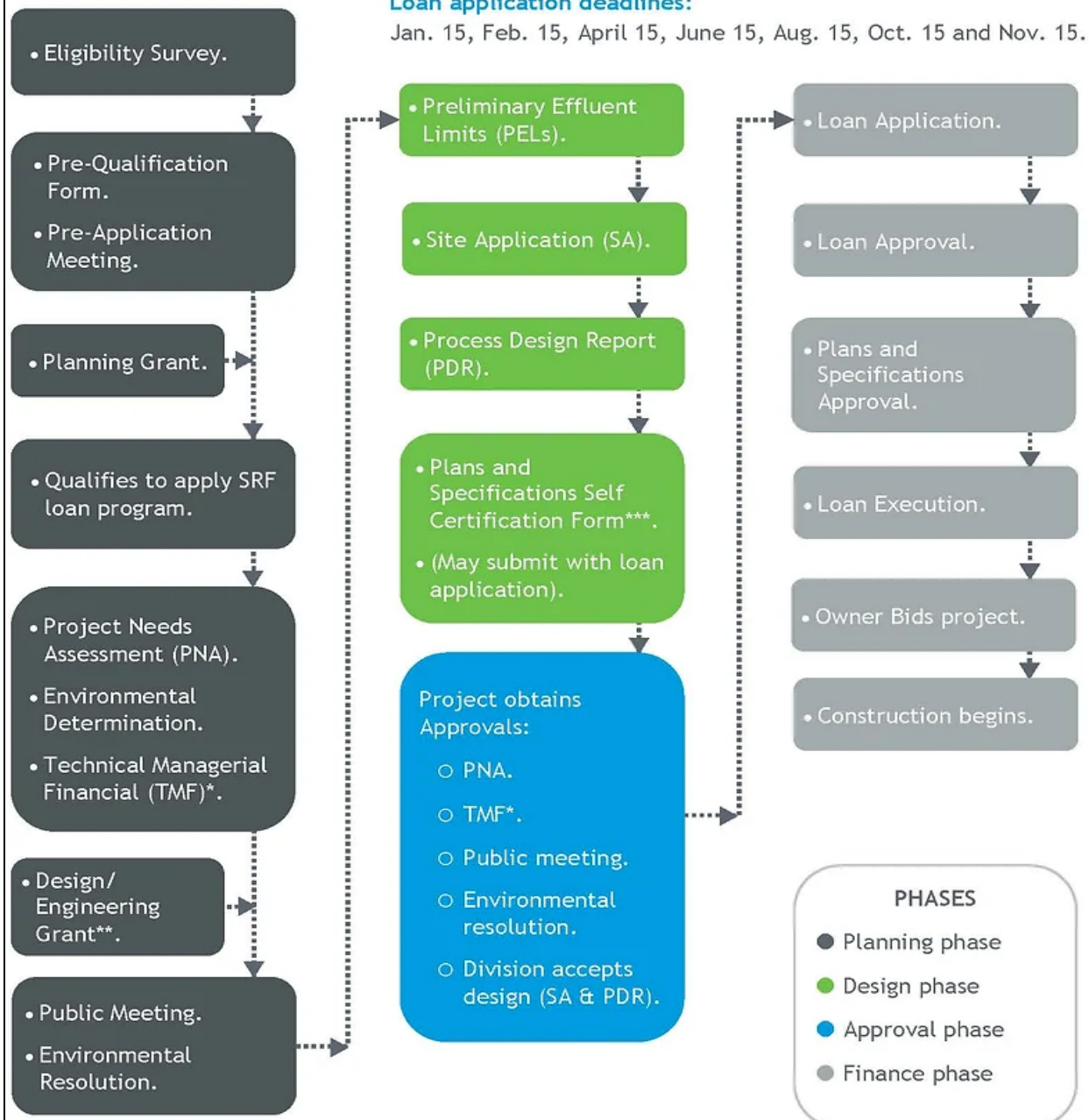
The Colorado SRF administrators accept applications several times a year. The deadlines are the fifth of January, February, April, June, August, October, and November. Applicants should begin the multi-phase process as soon as possible, starting with the eligibility survey in May of each year.



State Revolving Fund Loan Application Steps

Loan application deadlines:

Jan. 15, Feb. 15, April 15, June 15, Aug. 15, Oct. 15 and Nov. 15.



*TMF required for drinking water projects only.

**Issued after review of PNA and amount TBD based on project scope. Private nonprofit entities are not eligible for Design/Engineering Grants.

***Borrowers deemed eligible to self certify or streamline design at the PNA stage must submit the appropriate form or letter with the Plans and Specifications to the Project Manager.

PHASES

- Planning phase
- Design phase
- Approval phase
- Finance phase