

**Water Supply Reserve Account – Grant and Loan Program
Water Activity Summary Sheet
Agenda Item 7d**

Applicant: Town of Ridgway

Water Activity Name: Ridgway Ditch and Lake Otonawanda Improvement Project

Water Activity Purpose: Technical Assistance Regarding Permitting, Feasibility Studies, and Environmental Compliance; and Study or Analysis of a Structural Project

County: Ouray County

Drainage Basin: Uncompahgre River

Water Source: Beaver Creek

Amount Requested: \$109,500 (Gunnison Basin Account)

Matching Funds: \$27,380

Staff Recommendation
The proposed project meets a water supply need in the Gunnison Basin. Staff recommends approval of up to \$109,500 from the Gunnison Basin Account for technical assistance regarding design, cost estimates, and permitting associated with enlargement of its municipal reservoir and rehabilitation of the associated diversion structure contingent on resolution of the items in the issues/additional needs section.

Water Activity Summary:

The Town of Ridgway is seeking technical assistance regarding design, cost estimates, and permitting associated with the enlargement of its municipal reservoir and rehabilitation of the associated diversion structure. The Ridgway Ditch and Lake Otonawanda Improvement Project will help meet the demands of projected growth in the Town of Ridgway. The project will also provide augmentation supplies necessary to meet calls by senior users that threaten the reliability of the Town's water supply in dry years.

The current phase of the project includes an engineering feasibility study on the expansion of storage in Lake Otonawanda via dredging and bentonite amendment. The study will include an analysis of outflow infrastructure necessary for direct releases to the Town's water treatment plant. The study would identify permitting and environmental issues, preliminary concept design, and preliminary engineer's cost for project construction. The study also includes a redesign of the Town's diversion and head gate structure above the reservoir. A previous study estimated seepage loss from the ditch to be approximately 35 to 40 percent, providing an opportunity for huge efficiency gains.

The project includes the following tasks: updating water needs information; evaluating water rights; analysis of alternatives; reservoir feasibility and scope; identification of permit requirements and issues; Ridgway Ditch & diversion structure analysis; estimation of costs; evaluation of financing sources; project coordination and meetings; report preparation.

The Town's principle water rights are diverted from Beaver Creek and conveyed through the Ridgway Ditch to Lake Otonawanda. The original headgate and diversion structure need to be rebuilt to safely and effectively convey the fully decreed flow and address major maintenance problems. The reservoir is decreed

for 746 AF with an 1890 appropriate date, but the current capacity is estimated at only 75 to 150 acre-feet. As such, the reservoir does not provide any municipal storage or augmentation supply. Water diverted through the Ridgway Ditch bypasses the reservoir and feeds the Town's water treatment plant by direct flow. In 2008, the Town completed construction of a new water treatment plant that enlarged the Town's capacity to handle increased direct flows from Ridgway Ditch and eventually from Lake Otonwanda.

Upon completion of the feasibility study, the Town will start securing the necessary financing and permitting for the improvements.

Threshold and Evaluation Criteria

The application meets all four Threshold Criteria. Though the applicant originally requested funds from both the Basin Account and Statewide account, they subsequently removed their request for Statewide funds following the Board's decision to delay funding until the September 2009 board meeting due to the State's budgetary issues. At the March 2, 2009 meeting of the Gunnison Basin Roundtable, members voted to approve continuation of the application by substituting additional basin funds for previously requested statewide funds. Therefore the evaluation criteria do not apply.

Funding Overview

Grant funding in the amount of \$109,500 is requested from the Gunnison Basin Account. Funding from the WSRA constitutes 80% of the overall project cost (\$136,880). The applicant is providing funding for the remainder of the project.

Discussion:

As identified in the SWSI findings, small municipalities such as the Town of Ridgway often lack sufficient funding to develop their water supplies and infrastructure without financial aid. The Ridgway Ditch and Otonowanda Improvement Project effectively addresses consumptive use needs identified by the SWSI and Basin Roundtable process. The project seeks to develop an Identified Project and Process from SWSI that will optimize existing infrastructure, improve operational flexibility, promote cost effectiveness, and sustainably meet municipal and agricultural demands. As such, the project is a perfect example of the work envisioned by HB 1177.

Issues/Additional Needs:

- Please provide more detail on a potential timeline and financing for project construction. Though the project includes tasks to estimate construction costs and evaluate financing sources, the CWCB needs some assurance that the project is feasible and therefore a good investment of WSRA funds. Staff also encourages applicants to investigate CWCB loan programs and ensure that the feasibility study meets the program requirements.
- The headgate redesign and repair seems to be an important component of the project but according to the application its inclusion is ambiguous and may be contingent on funding. Please clarify.
- Please include a more detailed scope of work and budget.
- Please include an updated project schedule that includes completion dates for key project milestones.

Staff Recommendation:

Staff recommends approval of up to \$109,500 from the Gunnison Basin Account for technical assistance regarding design, cost estimates, and permitting associated with enlargement of its municipal reservoir and rehabilitation of the associated diversion structure contingent on resolution of the items in the issues/additional needs section.

All products, data and information developed as a result of this grant must be provided to the CWCB in hard copy and electronic format as part of the project documentation. This information will in turn be made widely available to Basin Roundtables and the general public and will help promote the development of a common technical platform.

In accordance with the revised WSRA Criteria and Guidelines, staff would like to highlight additional reporting and final deliverable requirements. The specific requirements are provided below.

Reporting: The applicant shall provide the CWCB a progress report every 6 months, beginning from the date of the executed contract. The progress report shall describe the completion or partial completion of the tasks identified in the scope of work including a description of any major issues that have occurred and any corrective action taken to address these issues.

Final Deliverable: At completion of the project, the applicant shall provide the CWCB a final report that summarizes the project and documents how the project was completed. This report may contain photographs, summaries of meetings and engineering reports/designs.