

Water Supply Reserve Account – Grant and Loan Program
Water Activity Summary Sheet
Agenda Item 21b

Applicant: City of Ouray

Water Activity Name: Development of Augmentation Water Supplies

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

County: Ouray County

Drainage Basin: Uncompahgre River

Water Source: Red Mountain Ditch

Amount Requested: \$50,000 (Gunnison Basin Account)

Matching Funds: \$87,129 (64% of project).

Staff Recommendation
<p>The proposed project meets a water supply need in the Gunnison Basin. Staff recommends approval of up to \$50,000 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.</p>

Water Activity Summary:

The City of Ouray is seeking technical assistance regarding the purchase of water rights and associated cost out of Red Mountain Ditch, a framework for interruptible water supply contracts with irrigators in the Uncompahgre River Basin, and the feasibility of enlarging the Ouray Hydropower Plan Reservoir to store these water rights.

Although the City of Ouray has fairly senior water rights dating from 1881 and 1885 and adjudicated in 1904, in severe droughts such as 2002 and 2003, water calls were placed on those rights by senior agricultural producers in both the Upper and Lower Uncompahgre River. For this reason, the Division 4 Engineer requested the City of Ouray to procure augmentation supplies to protect the City's water rights during dry years. The City would like to minimize the impact to agriculture, and will only need augmentation supplies during very dry years, enabling interruptible supply agreements to be a viable solution. A small storage reservoir will allow the storage and redistribution of the historical consumptive use credits from the interruptible supply contracts to meet the City's depletion pattern. Representatives of the City have already met with owners of senior irrigation water rights in the Upper Uncompahgre Basin and have identified willing participants. The use of an existing hydropower facility provides a multi use option that enables the generation of revenue during periods when augmentation supplies are not needed.

Threshold and Evaluation Criteria

The application meets all four Threshold Criteria. No statewide funds are being requested, therefore the evaluation criteria do not apply.

Funding Overview

Grant funding in the amount of \$50,000 is requested from the Gunnison Basin Account. Funding from the WSRA constitutes 36% of the overall project cost (\$137,129). Match of 64% (\$87,129) comes from the Colorado River Water Conservancy District (\$15,000) and the applicant (\$72,129).

Discussion:

The purpose of this project is to provide a firm augmentation water supply for the City of Ouray during severe drought conditions while facilitating continued irrigation of agriculture during other years.

In addition, the SWSI Water Needs Assessment identified the need for augmentation supplies of 150 AF in Ouray County (see SWSI, Table 6-25, pg. 6-57).

As identified in the SWSI findings, small municipalities such as the City of Ouray often lack sufficient funding to develop their water supplies and infrastructure without financial aid. This augmentation project addresses M&I consumptive use needs identified by the SWSI and Basin Roundtable process while limiting the impact to existing agriculture and improving existing infrastructure. As such, the project is a good example of the work envisioned by HB 1177.

Since Red Mountain Ditch is supplied by a transmountain diversion from the Animas Basin, using it in the project is not likely to negatively impact Red Mountain Creek. Red Mountain Creek was identified by the Gunnison Basin Roundtable as a major environmental segment in need of remediation. The applicant may consider this creek as they proceed with the project.

Issues/Additional Needs:

- Please include a more detailed scope of work and budget, including subtasks and a summary of the deliverables by task.
- Please provide a project schedule that includes completion dates for key project milestones.
- Staff also encourages applicants to investigate CWCB loan programs and ensure that the feasibility study meets the program requirements.

Staff Recommendation:

Staff recommends approval of up to \$50,000 from the Gunnison Basin Account for technical assistance regarding the development of augmentation for the City of Ouray 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.

Engineering: All engineering work (as defined in the Engineers Practice Act (§12-25-102(10) C.R.S.)) performed under this grant shall be performed by or under the responsible charge of professional engineer licensed by the State of Colorado to practice Engineering.