

**Water Supply Reserve Account – Grant and Loan Program  
Water Activity Summary Sheet  
Agenda Item 11d**

**Applicant:** Florida Mesa Canal Companies (Florida Canal, Florida Farmers Ditch, Florida Enlargement Ditch, and the Florida Co-operative Ditch Company)

**Water Activity Name:** Canal Seepage Reduction Program

**Water Activity Purpose:** Technical Assistance for Feasibility Studies; Study and Implementation Structural, Consumptive Water Project

**County:** La Plata County

**Drainage Basin:** Animas River

**Water Source:** Florida River

**Amount Requested:** \$1,000,000 (Statewide Account)

**Matching Funds:** Approximately \$300,000

<b>Staff Recommendation</b>
The proposed project meets a consumptive water supply need in the Southwest Basin. Staff recommends approval of up to \$225,000 from the Southwest Basin Account to partially fund the Canal Seepage Reduction Program for the Florida Mesa Canal Companies contingent on resolution of the items in the issues/additional needs section.

**Water Activity Summary:**

This is one of two projects for which the Florida Mesa Canal Companies are seeking WSRA funds. The first was \$100,000 awarded in March 2009 from the Southwest Basin account and involves: ditch loss studies; the installation of gauging station telemetry, water measuring devices, and automated gates; and a hydropower feasibility study. The second and current application is for Statewide funds and involves the design and installation of canal lining in strategic sections of the system identified by the current ditch loss studies.

The conveyance system of the Florida Mesa Canal Companies suffers from heavy seepage and administrative waste. A 1988 U.S. Bureau of Reclamation (USBR) Study calculated this waste to be 8,400 acre-feet per year. Florida Water Conservancy District (FWCD) water monitoring program records indicate that over the last seven years system losses have averaged 24 percent, or 11,600 AF per year. In 2006, the FWCD and the Florida Mesa Canal Companies undertook a Water Conservation and Management Plan. During the planning process, the increase in efficiency of the Canal Conveyance System was identified as a goal of both the FWCD and the Florida Canal Companies. For 2009, the Canal Companies have doubled their assessments in order to begin to improve the efficiency of the canal conveyance system.

If approved, these grant funds would help fund the engineering design, define project sections from ditch loss study, provide for preliminary environmental permitting (wetlands delineations and archeological surveys), preliminary engineering design, final engineering design, preparation of project plans and specifications, and services during bidding, construction of canal and ditch lining and the acquisition of water rights.

**Funding Overview**

Grant funding in the amount of \$1,000,000 is requested from the Statewide Account. The applicant is providing \$120,000 cash in matching funds plus \$15,400 in-kind matching funds for Phase 1 and Phase 2 of the project. The FWCD is providing \$50,000 cash in matching funds for Phase 1 and Phase 2 of the project

and has expended \$19,700 for the development of new water rights. In addition, \$100,000 from the Southwest Basins Roundtable is also included as matching fund. The applicant has been encouraged to reapply for a \$300,000 grant from the USBR for fiscal year 2010, which starts in October of 2009. As this water activity progresses additional funding sources will be pursued.

**Discussion:**

As identified in the SWSI findings, agricultural water users often lack sufficient funding to adequately address infrastructure needs without financial aid. The applicant did a good job relating this project to the needs of the basin, most specifically findings from SWSI and in the Water Supply and Needs Report for the Dolores/San Juan/San Miguel Basin (June 2006). The SWSI findings for the Southwest Basin specifically recommend improved agricultural conservation (efficiency) including ditch lining programs to increase delivery to users and provide agricultural firming.

The proposed project effectively meets the objectives of HB 1177 and the consumptive needs of the Southwest Basin by rehabilitating existing infrastructure to achieve significant savings of agricultural water. As identified in the FWCD Water Conservation and Management Plan, the proposed project would increase conveyance efficiencies and firm up agricultural water deliveries through canal lining, conservation, and more efficient administration. In addition, the development of sustainable hydropower would create additional revenue sources for the irrigators to promote the continued existence of the canal companies and their associated irrigated acreage.

While this project appears to meet many of the evaluation criteria, staff felt that the amount of funds being requested was high relative to the number of beneficiaries expected. Staff believes this is a worthy project and identified in the scope of work a logical break point to help the project move forward without providing all of the funds requested. Due to the limited funds in the Statewide account, staff is recommending the funding of the engineering and permitting tasks but not the construction portion of the project at this time. If the Board agrees with staff's recommendation and funds are available, the applicant is encourage to reapply for additional funds.

**Issues/Additional Needs:**

- Please include a more detailed budget and scope of work.
- Please include an updated project schedule that includes completion dates for key project milestones.
- If partial funding is awarded, please provide to the CWCB a description of the meaning deliverables with a reduced amount of funding. Alternatively, please provide a description of how the difference in funding will be met by alternative means.

**Staff Recommendation:**

The proposed project meets a consumptive water supply need in the Southwest Basin. Staff recommends approval of up to \$225,000 from the Statewide account to partially fund the Canal Seepage Reduction Program for the Florida Mesa Canal Companies 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.