



COLORADO WATER CONSERVATION BOARD

WATER SUPPLY RESERVE ACCOUNT 2009-2010 GRANT APPLICATION FORM



**Rio Grande Conservation Reserve Enhancement Program (CREP)
Phase II - Implementation RIO GRANDE BASIN**

Name of Water Activity/Project

Approving Basin Roundtable

\$31,500.00

Amount from Statewide Account

\$0

Total Amount of Funds Requested

Amount from Basin Account

\$31,500

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1. Reference Information
2. Insurance Requirements (Projects Over \$100,000)
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Instructions

To receive funding from the Water Supply Reserve Account (WSRA), a proposed water activity must be approved by the local Basin Roundtable AND the Colorado Water Conservation Board (CWCB). The process for Basin Roundtable consideration/approval is outlined in Attachment 1.

Once approved by the local Basin Roundtable, the applicant should submit this application, a detailed statement of work, detailed project budget, and project schedule to the CWCB staff by the application deadline.

The application deadlines are:

- Basin Account – 60 days prior to the bi-monthly Board meeting
- Statewide Account – 60 days prior to the March and September Board meeting

Board Meeting Dates	Basin Account Deadlines	Statewide Account Deadlines
3/17 - 3/18/2009	1/16/2009	1/16/2009
5/19 - 5/20/2009	3/19/2009	n/a
7/21 - 7/22/2009	5/21/2009	n/a
9/15 - 9/16/2009	7/15/2009	7/15/2009
11/17 - 11/18/2009	9/17/2009	n/a
January 2010	11/15/2010	n/a
March 2010	1/15/2010	1/15/2010
May 2010	3/15/2010	n/a

When completing this application, the applicant should refer to the WSRA Criteria and Guidelines available at: <http://cwcb.state.co.us/IWMD>.

The application, statement of work, budget, and schedule must be submitted in electronic format (Microsoft Word or text-enabled PDF are preferred) and can be emailed or mailed on a disk to:

Mr. Todd Doherty
Colorado Water Conservation Board
Intrastate Water Management and Development Section
WSRA Application
1580 Logan Street, Suite 600
Denver, CO 80203
Todd.Doherty@state.co.us

If you have questions or need additional assistance, please contact Todd Doherty of the IWMD Section at 303-866-3441 x3210 or todd.doherty@state.co.us.

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Part A. - Description of the Applicant (Project Sponsor or Owner);

1.	Applicant Name(s):	Colorado Rio Grande Restoration Foundation		
	Mailing address:	415 San Juan Avenue Alamosa, CO 81101		
	Taxpayer ID#:	75-3169057	Email address:	slvwcdcol@qwest.net
	Phone Numbers: Business:	719-589-2230		
	Home:			
	Fax:	719-589-2270		

2. Person to contact regarding this application if different from above:

Name:	Michael H. Gibson
Position/Title	Secretary / Treasurer

3. Eligible entities that may apply for grants from the WSRA include the following. What type of entity is the Applicant?

- ☐ Public (Government) – municipalities, enterprises, counties, and State of Colorado agencies. Federal agencies are encouraged to work with local entities and the local entity should be the grant recipient. Federal agencies are eligible, but only if they can make a compelling case for why a local partner cannot be the grant recipient.
- ☐ Public (Districts) – special, water and sanitation, conservancy, conservation, irrigation, or water activity enterprises.
- ☐ Private Incorporated – mutual ditch companies, homeowners associations, corporations.
- ☐ Private individuals, partnerships, and sole proprietors are eligible for funding from the Basin Accounts but not for funding from the Statewide Account.
- ☒ Non-governmental organizations – broadly defined as any organization that is not part of the government.

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4. Provide a brief description of your organization

The Colorado Rio Grande Restoration Foundation is an outgrowth of the Rio Grande Headwaters Restoration Project, which originated in 1999 to review the function of a 91-mile reach of the Rio Grande most impacted by human intervention. The study made recommendations to improve the river's natural functions, while meeting the obligations of the Rio Grande Compact.

The Colorado Rio Grande Restoration Foundation (CRGRF or the Foundation) is a Colorado Nonprofit Corporation, # 20041324471. In January 2005, the Foundation received its IRS 501 (c) 3 status as a public foundation, with EIN # 75-3169057. The Foundation is exempt from Federal income tax. The Foundation is qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106, or 2522 of the Code

In a recently completed *Rio Grande Watershed Restoration Strategic Plan*, one of the 2010 *Priority Projects* is the support of collaborative efforts for groundwater management in the San Luis Valley. It is in this context that the Foundation's Board on February 23, 2007 agreed to be the Applicant for SB-179 funds that will assist Special Improvement District No. 1 of the Rio Grande Water Conservation District 1 ("Subdistrict No. 1"), in their efforts to address groundwater management issues.

The Foundation is governed by a Board of Directors. Steve Russell serves as President, Karla Shriver as Vice- President, Michael (Mike) Gibson as Secretary/Treasurer and the remaining members are, Doug Messick, Rick Davie, Cathy Morin and Greg Higel. The San Luis Valley Water Conservancy District permits its Manager, Mike Gibson, to dedicate 25% of his work to the Foundation and contributes office space and materials to the Foundation. The Foundation retained Fleming & Fleming, CPA, Alamosa, Colorado, a certified public accounting firm to be its accountants.

5. If the Contracting Entity is different than the Applicant (Project Sponsor or Owner) please describe the Contracting Entity here.

NA

6. Successful applicants will have to execute a contract with the CWCB prior to beginning work on the portion of the project funded by the WSRA grant. In order to expedite the contracting process the CWCB has established a standard contract with provisions the applicant must adhere to. A copy of this standard contract is included in Attachment 3. Please review this contract and check the appropriate box.

☒ The Applicant will be able to contract with the CWCB using the Standard Contract

☐ The Applicant has reviewed the standard contract and has some questions/issues/concerns. Please be aware that any deviation from the standard contract could result in a significant delay between grant approval and the funds being available.

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7. The Tax Payer Bill of Rights (TABOR) may limit the amount of grant money an entity can receive. Please describe any relevant TABOR issues that may affect the applicant.
- . The Foundation is not subject to the Colorado TABOR limitations.

Part B. - Description of the Water Activity

1. Name of the Water Activity/Project:

**Rio Grande Conservation Reserve Enhancement Program (CREP)
Phase II - Implementation**

2. What is the purpose of this grant application? (Please check all that apply.)

☒

Environmental compliance and feasibility study

☒

Technical Assistance regarding permitting, feasibility studies, and environmental compliance

☒

Studies or analysis of structural, nonstructural, consumptive, nonconsumptive water needs, projects

Study or Analysis of:

☐

Structural project or activity

☐

Nonstructural project or activity

☒

Consumptive project or activity

☒

Nonconsumptive project or activity

☐

Structural and/ or nonstructural water project or activity

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3. Please provide an overview/summary of the proposed water activity (no more than one page). Include a description of the overall water activity and specifically what the WSRA funding will be used for.

Phase I of this Project was funded in order to develop a Proposal and a subsequent Agreement requesting enrollment of approximately 40,000 acres of irrigated cropland in the Rio Grande Watershed of Colorado's San Luis Valley, specifically within Subdistrict No. 1, to create the Rio Grande Conservation Reserve Enhancement Program (Rio Grande CREP). The CREP is a Federal-State-Local partnership administered by the United States Department of Agriculture - Farm Service Agency (USDA-FSA) through the authority of the 2002 Farm Bill (Conservation Title). This Phase II proposal requests \$31,500.00 of Rio Grande Basin funds to finalize the related negotiations and contracts and to set into motion the implementation phase of the Rio Grande CREP.

Background: The water levels of the aquifer system within the Closed Basin area of the central and northern San Luis Valley are currently declining. These aquifer depletions are negatively impacting surface flows, increasing operating and pumping costs for agricultural producers, and threatening the Rio Grande Basin's objective of maintaining a sustainable water supply. Prior WSRA funding of Phase I of this Project supported the efforts of several local conservation districts, water conservation districts, and agricultural producers to meet the ambitious goal of reducing consumptive use throughout Colorado's Rio Grande Watershed by 200,000 acre-feet of water per year, addressing water shortages in both the confined and unconfined aquifers of the San Luis Valley. This Phase II proposal completes the final negotiations and contracts of Phase I and sets in motion the Rio Grande CREP process by eliciting the voluntary participation by water users in a program to fallow land and to decrease groundwater use.

Colorado law requires that "use of the confined and unconfined aquifers shall be regulated so as to maintain a sustainable water supply in each aquifer system." C.R.S. § 37-92-501(4)(a). The CREP provides a tool that will assist producers within the sub-district to voluntarily reduce their water consumption, move toward a balance between water supply and demand, and retain a viable agricultural economy, which is so vital to the region. No other program exists that can provide the level of funding and collaborative federal-state-local partnership necessary to address the complex groundwater management issues so critical to the Rio Grande Basin and to the state of Colorado.

Rationale: The Rio Grande CREP Proposal seeks USDA approval to enroll and retire irrigated acres through CREP and remove irrigation from the enrolled acres. Upon completion and USDA approval of the CREP Proposal and the CREP Agreement, and upon full implementation, this project will place 40,000 acres of previously cropped land into native vegetation and reduce water consumption within Subdistrict No. 1 by approximately 60,000 acre feet per year. This Phase II proposal will put into place a fully implemented CREP in Subdistrict No. 1, making a substantial contribution to the Subdistrict's goal of reducing consumptive use within the Closed Basin. An approved 40,000-acre CREP in Subdistrict No. 1 of the Rio Grande Upper Basin will leverage approximately ninety four million federal dollars (\$94,000,000) to provide cost-share, incentives, and annual rental payments to producers enrolled in the CREP program. Subdistrict No. 1, through income from assessments, including service and user fees on irrigated cropland and in-kind services, will provide up to a twenty

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percent contribution, per CREP standards, providing additional incentives to participating producers. Total Federal and non-Federal cash and in-kind contributions on a fully implemented CREP will be about \$125,000,000.

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Part C. – Threshold and Evaluation Criteria

1. Describe how the water activity meets these **Threshold Criteria**. (Detailed in Part 3 of the Water Supply Reserve Account Criteria and Guidelines.) The water activity is consistent with Section 37-75-102 C.R.S., in the following ways.

The water activity is to finalize the negotiations, execute the contracts, and implement the first stages of establishing the RG CREP in an area comprised by approximately 40,000 acres in the Special Improvement District No. 1 of the Rio Grande Water Conservation District.

Attached to this proposal is the “DRAFT Rio Grande Conservation Reserve Enhancement Program” (the DRAFT). The Colorado Division of Water Resources (CDWR), Department of Natural Resources (DNR) was a participant in preparing this document. Exhibit L in that document sets forth the terms and conditions of the “Participant Agreement” and references a Memorandum of Agreement which “has been entered into between the United States Department of Agriculture (USDA), Commodity Credit Corporation (CCC), and the State of Colorado to implement the Rio Grande Conservation Reserve Enhancement Program (CREP)...”

Consistent with Section 37-75-102 Colorado Revised Statutes, this Project, for which this proposal requests funding, is to complete certain professional, legal, and technical administrative services pursuant to establishing the RG CREP per the above-mentioned Memorandum of Agreement between the USDA, CCC, the State of Colorado. The specific effects of the pending and future agreements related to the RG CREP and the degree to which they either impact or do not impact Colorado’s current system of allocating water within Colorado are set forth in the DRAFT. **This particular water activity, however, meets the threshold Criteria detailed in Part 3 of the WSRA Criteria and Guidelines, in that it does not supersede, abrogate, or otherwise impair the provisions of this article, because it consists only of completing negotiations and documents pursuant to implementing the Conservation Reserve Enhancement Program, as specified in the attached DRAFT prepared by the CDWR.**

¹ 37-75-104 (2)(c). Using data and information from the Statewide Water Supply Initiative and other appropriate sources and in cooperation with the on-going Statewide Water Supply Initiative, develop a basin-wide consumptive and nonconsumptive water supply needs assessment, conduct an analysis of available unappropriated waters within the basin, and propose projects or methods, both structural and nonstructural, for meeting those needs and utilizing those unappropriated waters where appropriate. Basin Roundtables shall actively seek the input and advice of affected local governments, water providers, and other interested stakeholders and persons in establishing its needs assessment, and shall propose projects or methods for meeting those needs. Recommendations from this assessment shall be forwarded to the Interbasin Compact Committee and other basin roundtables for analysis and consideration after the General Assembly has approved the Interbasin Compact Charter.

- a) The water activity underwent an evaluation and approval process and was approved by the Basin Roundtable (BRT) and the application includes a description of the results of the BRTs evaluation and approval of the activity. At a minimum, the description must include the level of agreement reached by the roundtable, including any minority opinion(s) if there was not general agreement for the activity. The description must also include reasons why general agreement was not reached (if it was not), including who opposed the activity and why they opposed it. Note- If this information is included in the letter from the roundtable chair simply reference that letter.

Please refer to the cover letter from the Chair of the Rio Grande Basin Roundtable, which accompanies this proposal.

- b) The water activity meets the provisions of Section 37-75-104(2), Colorado Revised Statutes.¹ Specifically describe how the water activity either furthers the Roundtable's basin-wide water needs assessment or meets a consumptive or non-consumptive water supply need identified in the Roundtable's working needs assessment.

The cover letter for this proposal from the Rio Grande Basin Roundtable Chair describes how this water activity supports the Basin's mission to create a sustainable water supply in order to meet anticipated consumptive and non-consumptive needs.

This particular Project, in and of itself – which seeks only to complete the pending RG CREP negotiations and agreements and to proceed administratively toward implementation – has no direct impact or effect on water supplies. However, the benefits of creating the RG CREP go far in satisfying the provision of Section 37-75-104(2).

The unsustainable use of water and a continued drought affecting the aquifer, the local economy, wetlands, and hydrology of the Rio Grande Basin requires immediate and targeted actions to reverse the trend. Thus, several local soil and water conservation districts, state agencies, and local producers have set ambitious goals to reduce consumptive water use in the Rio Grande Basin and reverse the decline of the aquifer. Incentive and cost-share programs such as CREP will provide vital assistance in helping Subdistrict #1 sustain its water resource and improve wetland habitat without disastrously impacting its local economy and social structure. The incentive-based actions in Subdistrict #1 through this RG CREP implementation and the subsequent retirement of irrigation on 40,000 acres will provide producers with a valuable tool to voluntarily address critical resource issues. Full implementation of the project will reduce depletions to the aquifer by as much as 60,000

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acre-feet or five percent. (Within Subdistrict #1, producers consume an average of about 18 acre-inches of water per acre of land irrigated. The total annual ground water pumped, based on these figures, will be reduced by approximately 60,000 acre-feet.)

- c) **Matching Requirement:** For requests from the Statewide Fund, the applicants is required to demonstrate a 20 percent (or greater) match of the request from the Statewide Account. Sources of matching funds include but are not limited to Basin Funds, in-kind services, funding from other sources, and/or direct cash match. Past expenditures directly related to the project may be considered as matching funds if the expenditures occurred within 9 months of the date the application was submitted to the CWCB. Please describe the source(s) of matching funds. (NOTE: These matching funds should also be reflected in your Detailed Budget in Part D of this application.

This Project does not seek Statewide funds. No matching funds are required or provided.

2. For Applications that include a request for funds from the Statewide Account, describe how the water activity meets the **Evaluation Criteria**. (Detailed in Part 3 of the Water Supply Reserve Account Criteria and Guidelines.) -- This Project does not seek Statewide funds.

Part D. – Required Supporting Material

Water Rights, Availability, and Sustainability

This information is needed to assess the viability of the water project or activity. Please provide a description of the water supply source to be utilized, or the water body to be affected by, the water activity. This should include a description of applicable water rights and the name/location of water bodies affected by the water activity.

This particular Project seeks only to complete the pending RG CREP negotiations, to finalize the agreements, and to proceed administratively toward implementation. The benefits of creating the RG CREP, the effects of this program on water rights, availability and sustainability, are described in detail in the attached DRAFT and are documented in all policies and practices pertaining to the implementation of the CREP program. Please refer to Section 3 of the DRAFT, entitled “Magnitude of Agriculture Related Environmental Impacts” for a complete discussion. Briefly:

Water supply source: The Rio Grande Basin in Colorado drains 8,000 square miles in south-central Colorado. The central and northern portion of the San Luis Valley (the Valley) contains an internal drainage without surface flow to the Rio Grande referred to as the “Closed Basin.” The Closed Basin encompasses approximately two-thirds or 2,700 square miles of the San Luis Valley. Irrigated agriculture is the largest water user in the Rio Grande Basin, consuming an estimated 2 million acre-feet annually. The Valley is considered a high altitude desert, as it receives less than eight inches of precipitation per year. An extremely important source of water is from the surface water inflows in the form of runoff during spring snowmelt from the surrounding mountains. Agricultural activities account

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for more than 85 percent of the Basin's water consumption with an estimated 630,000 acres under irrigation. There are approximately 200,000 irrigated acres within Subdistrict #1. The Valley has approximately 6,000 wells over 50 gallons per minute, and 3,156 are within Subdistrict #1. The water supply source will be any ground and/or surface water that a producer relinquishes through the voluntary enrollment into CREP. If a producer elects to enroll land in the program, they must relinquish the irrigation water associated with the land for a minimum of 15 years. The effect will be to greatly benefit all other water users by helping to restore the aquifer to a sustainable level.

Applicable water rights: Please see Exhibit L in the DRAFT. This sets out the terms of the Participant Agreement and deals specifically with issues relating to water rights and the retiring of water from irrigated cropland. Each participant enrolling voluntarily in the RG CREP must sign a statement which says, in part ".....As owner of this well, I hereby request, conditional on the final acceptance of this permit in the Subdistrict's Supplemental CREP Funding Program, that the permit for the well be cancelled and any water rights associated with this permit and well be abandoned. I understand that this well must be plugged according to the Rules and Regulations for Water Well Construction, Pump Installation, Cistern Installation, and Monitoring and Observation Hole/Well Construction (2 CCR 402-2 Rule 16) upon cancellation of the permit and a Well Abandonment Report for the plugged well must be submitted to the Division Engineer for Water Division 3 and the Office of the State Engineer (2 CCR 402-2 Rule 17).....".

Further text relating to water rights, with emphasis added, states as follows:

WHEREAS, a Memorandum of Agreement has been entered into between the United States Department of Agriculture (USDA), Commodity Credit Corporation (CCC), and the State of Colorado to implement the Rio Grande Conservation Reserve Enhancement Program (CREP); and

WHEREAS, the CCC has the authority under the provisions of the Food Security Act of 1985, as amended (16 U.S.C. § 3830 et seq.), and the regulations at 7 CFR part 1410 to perform all its activities contemplated by the Rio Grande CREP Agreement; and

WHEREAS, the Enterprise has entered into an Agreement with the State of Colorado to act on behalf of the State of Colorado **as it pertains to water retirement** associated with the Rio Grande CREP; and

WHEREAS, the State Engineer administers the waters of the Rio Grande River and its tributaries in Colorado and serves as commissioner for Colorado to the Rio Grande River Compact Administration pursuant to Section 13 of Article XII of the State Constitution and Articles 67 and 80 of Title 37 of the Colorado Revised Statutes; and

WHEREAS, the USDA provides annual rental payments and cost-share as an incentive **to retire irrigated cropland** and plant it to an approved conservation practice under the Rio Grande River CREP; and

WHEREAS, the Participant **seeks to offer irrigated cropland** into the Rio Grande CREP through the submission of a CRP-1 Contract to the appropriate County FSA office, and has met Enterprise eligibility requirements as outlined in this Agreement; and

WHEREAS, the Participant desires to enter into a CRP-1 contract with the USDA **to retire irrigated cropland and plant it to an approved conservation practice**; and

WHEREAS, the Special Improvement District No. 1 of the Rio Grande Water Conservation District ("Subdistrict") was formed for **the purpose of providing a water management alternative to**

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state-imposed groundwater regulation while protecting senior water rights and cooperating with and assisting the State of Colorado to carry out the State's duty to comply with the limitations and duties imposed upon the State by the Rio Grande Compact; and

WHEREAS, the Subdistrict developed a Plan of Water Management that was adopted by the Rio Grande Water Conservation District Board of Directors as the official plan of the Subdistrict and approved by the Office of the State Engineer pursuant to C.R.S. 37-48-126 of the Colorado Revised Statutes; and

WHEREAS, the Subdistrict established the Enterprise pursuant to Article 45.1 of Title 37 of the Colorado Revised Statutes; and

WHEREAS, permanently retiring the use of irrigation water in the Rio Grande Basin in Colorado will assist the State of Colorado in carrying out the State's duty to comply with the limitations and duties imposed upon the State by the Rio Grande Compact and provide an alternative to state imposed groundwater regulation while protecting senior surface water rights; and

WHEREAS, the Board of Managers of the Subdistrict, acting as the Governing Board of the Enterprise, is authorized to make payments to producers approved to participate in the Rio Grande CREP by USDA as an additional incentive **to permanently retire the use of irrigation water in the Subdistrict Territory as defined by the Petition forming the Subdistrict.**

Water bodies to be affected – The water activity for this Project is to finalize the negotiations, execute the contracts, and implement the first stages of establishing the RG CREP in an area comprised by approximately 40,000 acres in the Subdistrict No. 1 of the Rio Grande Water Conservation District. Full documentation to support the implementation of the RG CREP and the effect of doing so, including water bodies to be affected, water rights, and sustainability, is contained in the attached DRAFT. The effect of fulfilling Phase II of this process will be to implement the provisions of that DRAFT – with some points of the RG CREP summarized below:.

The Rio Grande's largest tributary is the Conejos River, located in the southern part of the Rio Grande Basin. Major tributaries within the Closed Basin include La Garita, Carnero, and Saguache Creeks. . The groundwater system of the San Luis Valley is a complex aquifer system containing a deeper confined aquifer separated from the shallower unconfined aquifer by a series of clay layers, sometimes referred to as the blue clay layer. Irrigation in the San Luis Valley is heavily dependent on conjunctive use of groundwater and surface water. The major portion of irrigation water is derived from managed recharge and pumping from unconfined-aquifer wells.

In Section 3 of the DRAFT, titled "Agriculture Related Environmental Impacts," issues of water quantity and water quality in the water bodies to be affected in relation to the RG CREP are addressed. The confined and unconfined aquifers are over-appropriated, with current rates of withdrawal exceeding their ability to recharge, resulting in a ground water overdraft or mining of the aquifers. Additionally, surface streams may have been impacted by this unsustainable use of the aquifers.

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Pumping from the unconfined aquifer and confined aquifer depletes surface streams; different regions within the Valley will have varying effects on the surface streams. Pumping from confined aquifers depletes the stream flow in several ways, such as discharge from springs, attributable to the reduction in artesian head in the confined aquifer (withdrawals from the confined aquifer exceed the long-term recharge to that aquifer). Additionally, a reduction in artesian pressure reduces the amount of water entering the unconfined aquifer from the confined aquifer, reducing the supply to the unconfined aquifer and eventually to the surface streams. Exhibit E in the DRAFT displays the significant change in unconfined aquifer storage from the years 2002-2007.

Sustainability: The unsustainable use of water in the Valley, affecting the aquifer, the local economy, wetlands, and hydrological conditions, calls for immediate and targeted actions to reverse the trend. As Section 3 of the DRAFT states, “The confined aquifer and its unique artesian pressure characteristics play an important hydrological role to the stream systems in the Valley. There is a scientifically proven hydraulic connection between the aquifers and streams in the Valley. Thus, withdrawals from the confined aquifer may impact stream flows, as well as the unconfined aquifer. Further, the confined aquifer provides hydraulic support for surface streams; if the water level declines considerably and/or the historical pattern becomes skewed to the point that the artesian pressure is permanently lowered, the surface streams may be significantly impacted. This would cause reduced streamflow, water level decline in the unconfined aquifer, and a dry up of wetlands created by the shallow unconfined aquifer.”

Please provide a brief narrative of any related or relevant previous studies.

- Engineering work completed by Allen Davey of Davis Engineering Service, Inc., in Alamosa, Colorado, suggests that only a dramatic decrease in consumptive use will allow the aquifer system to restore itself and become sustainable. County records submitted to the Court with the Petition to form Subdistrict No. 1 indicate that Subdistrict No. 1 contains 171,291 acres of sprinkler irrigated lands, 21,110 acres of surface water irrigated lands, 6,046 acres of meadow land that could be irrigated using either ground or surface water sources.
- Attached to this Grant Application are two maps. One topographical map shows the boundaries of Subdistrict No. 1, including water sources and municipalities and the second topographical map shows the crop patterns in Subdistrict No. 1.
- Data collected from the 1998 Rio Grande Decision Support System (RGDSS) for Subdistrict No. 1 show alfalfa on approximately 45,700 acres, grass pasture on approximately 4,000 acres, potatoes on approximately 64,000 acres, small grains on approximately 55,000 acres and vegetables on approximately 5,000 acres.
- The Rio Grande Water Conservation District enabling legislation permits the creation of subdistricts to create and manage physical water projects or plans for augmentation or plans of water management. A subdistrict, with an approved plan of water management that specifically seeks to reduce groundwater use while protecting surface water rights, is advantageous for Valley residents, who seek a Basin-defined system for regulating

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groundwater withdrawals. Colorado law prohibits the state engineer from regulating groundwater withdrawals in Division 3 if the withdrawals are made pursuant to a subdistrict's approved groundwater management plan. C.R.S. § 37-92-501(4)(c).

Statement of Work, Detailed Budget, and Project Schedule -- The statement of work will form the basis for the contract between the Applicant and the State of Colorado. In short, the Applicant is agreeing to undertake the work for the compensation outlined in the statement of work and budget, and in return, the State of Colorado is receiving the deliverables/products specified. Please note that costs incurred prior to execution of a contract or purchase order are not subject to reimbursement.

Please provide a detailed statement of work using the following template. Additional sections or modifications may be included as necessary. Please define all acronyms. If a grant is awarded an independent statement of work document will be required with correct page numbers.

(following page)

Statement of Work

WATER ACTIVITY NAME - Rio Grande Conservation Reserve Enhancement Program (CREP) Phase II.

GRANT RECIPIENT – Colorado Rio Grande Restoration Foundation

FUNDING SOURCE – WSRA - Rio Grande Basin Account

INTRODUCTION AND BACKGROUND

Provide a brief description of the project. (Please limit to no more than 200 words; this will be used to inform reviewers and the public about your proposal)

This Phase II proposal consists of four steps: 1) Final Agreement Negotiation and Completion: Finalize the Conservation Reserve Enhancement Program (CREP) Agreement between USDA and CCC, and the State of Colorado and the Agreement between the State of Colorado and the Special Improvement District of the Rio Grande Water Conservation District. 2) Finalize Programmatic Environmental Assessment, assisting Colorado Division of Water Resources (CDWR) and independent contractor with completion of Programmatic Environmental Assessment. Complete FSA 2-CRP Handbook Amendments. 3) Promote and Implement CREP project. Conduct promotional activities and develop final implementation procedures. Articles for local newspapers and agricultural magazines, radio promotion and assisting FSA local offices in developing articles for their newsletters will be coordinated to ensure producers are aware of the program and the procedure they need to follow to participate in the program. 4) CREP Coordination: USDA-FSA requires that the sponsoring entity of a CREP provide a dedicated CREP Manager to oversee, promote, and coordinate the activities of the project. Many of these activities require communications with local, state, and national FSA offices, NRCS offices, and other partners with interests in the program. This coordination is critical to continued support of the program and its overall success.

Project Implementation - Project implementation for which funds are being requested will consist of finalizing the agreements and launching the CREP program. The “implementation” of the CREP itself, which is the subject of these meetings, negotiations, and agreements, will be accomplished through continuous sign-up as approved by FSA. The success of the project will be determined by the level of producer participation, geographic distribution of acres that maximizes streamflow and aquifer levels while mitigating economic impacts, and progress toward program objectives, particularly the retirement of ground water. The Subdistrict #1 will work with NRCS staff to provide technical assistance to producers on the implementation and management practices applied through the program. Subdistrict #1 will work with FSA to ensure that non-federal funding sources are providing at least 20% of the program costs as required. Stream proximity and aquifer benefits will be vital to the success of this program and Subdistrict #1 will work to ensure that participation levels in these areas meet the minimum needs to achieve the objectives. The Subdistrict #1 will work with CDWR staff to provide adequate contract compliance documentation to USDA staff.

OBJECTIVES

Phase II Implementation has the objective of completing all negotiations, executing all agreements, and fulfilling all requirements to sustainably set into operation all aspects of the Rio Grande CREP proposal. This proposal aims to coordinate federal, state, and local efforts that address varying natural resource issues throughout the project area. The objective is to begin the retirement of irrigated cropland in Subdistrict #1 and to instill in the public at large a full appreciation for the vital role of the RG CREP in establishing the long-term sustainability of water resources in the Valley, eliciting the Valley's united and cohesive cooperation and participation in the RG CREP as the most promising way to mitigate the economic impacts of water scarcity in this highly agricultural region. All irrigated acres enrolled in the Rio Grande CREP will require water retirement for a minimum of fifteen years and many acres will be retired in perpetuity. Technical staff will work with landowners and solicit outside expertise to determine the conservation practice that provides the most benefit and has the highest likelihood of success on each subject acre.

TASK 1 – Final Agreement Negotiation and Completion:

Description of Task

Finalize the Conservation Reserve Enhancement Program (CREP) Agreement between USDA and CCC, and the State of Colorado and the Agreement between the State of Colorado and the Special Improvement District of the Rio Grande Water Conservation District. These Agreements have been drafted and will require reviews by the State of Colorado and the Special Improvement District legal counsel.

Method/Procedure

- CREP Agreement between USDA & CCC & State of Colorado
- Agreement between State of Colorado and District #1 legal counsel
- Negotiations and edits prior to submission to USDA

Deliverable

There will likely be negotiations and edits to these documents prior to submission to USDA. **These documents articulate the precise financial obligations of USDA and CCC and the Special Improvement District.**

TASK 2 – Finalize Programmatic Environmental Assessment & Complete FSA 2-CRP Handbook Amendments

Description of Task

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The Foundation will assist CDWR in coordinating with an independent contractor who will in turn write the Programmatic Environmental Assessment. USDA requires the CREP applicant to coordinate the completion of the Programmatic Environmental Assessment. The independent contractor will be drawn from the USDA's list of approved contractors. The Foundation will also develop Amendments to the FSA 2-CRP Handbook.

Method/Procedure

The USDA-approved independent contractor will assist the CDWR in writing the Programmatic Environmental Assessment, which will take approximately 60 days to complete, and will provide assistance to on an as needed basis throughout the process.

Deliverable

The Programmatic Environmental Assessment is required to be completed upon approval of the Agreements. The FSA2-CRP Handbook is the policy handbook that FSA field staff use to implement the Conservation Reserve Program (CRP). CREP is a part of CRP, but because CREP has certain provisions that are not a part of CRP, the CREP procedure must be included in the handbook.

TASK 3 -- Promote and Implement RG CREP project

Description of Task

Prior to approval and the establishment of a date that CREP will be implemented, promotional activities and final implementation procedures will need to be developed.

Method/Procedure

Articles for local newspapers and agricultural magazines, radio promotion and assisting FSA local offices in developing articles for their newsletters will be coordinated.

Deliverable

Promotion and outreach will ensure that agricultural producers within the boundaries of Subdistrict # 1 are aware of the CREP program and the procedure they need to follow to participate in the CREP program. Implementation materials will be developed to ensure proper tracking of contracts and enrollment and to provide an efficient application and enrollment process.

TASK 4 -- CREP Coordination:

Description of Task

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USDA-FSA requires that the sponsoring entity of a CREP provide a dedicated CREP Manager to oversee, promote, and coordinate the activities of the project. These duties may include, but may not be limited to developing amendments, establishing procedure, providing technical advice, developing monitoring protocol, coordinating the monitoring program, communicating with other partners, making specific recommendations for improvement, resolving technical issues pertaining to land eligibility, and addressing specific questions on a day-to-day basis.

Method/Procedure

Many of these activities require communications with local, state, and national FSA offices, NRCS offices, and other partners with interests in the CREP program.

Deliverable

This coordination is critical to continued support of the CREP program and its overall success.

REPORTING AND FINAL DELIVERABLE

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 statement 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.

BUDGET

Provide a detailed budget by task including number of hours and rates for labor and unit costs for other direct costs (i.e. mileage, \$/unit of material for construction, etc.). A detailed and perfectly balanced budget that shows all costs is required for the State's contracting and purchase order processes. Sample budget tables are provided below. Please note that these budget tables are examples and will need to be adapted to fit each individual application. Tasks should correspond to the tasks described above.

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				Total Costs	
	Personnel Hourly Rate	Travel Miles @ Rate	Direct Costs		Total Project Costs
Task 1 – Final Agreements July-August 2009	95 X \$45/hr		\$ 4,275.00		
Agmt: USDA – CCC – Colorado Agmt: Colorado – Subdist #1 Negotiate & edit before submitting		Sterling-Denver X 2 500 @ \$.505/mi	\$ 252.50		
Per diem X 2	\$30/day		\$ 60.00		
Task 2 – Environmental Assess & Handbook -September –October '09	90 X \$45/hr		\$ 4,050.00		
		Sterling-Alamosa X 2 1,460 @ \$.505/mi	\$ 737.30		
Per diem X 4	\$30/day		\$ 120.00		
Motel X 2	\$87.50/night		\$ 175.00		
Task 3 – Promote/Implement CREP November-December 2009	90 X \$45./hr		\$ 4,040.00		
		Sterling-Alamosa X2 Sterling-Denver X 1 1,710 @ \$.505/mi	\$ 863.65		
Per diem X 5	\$30/day		\$ 150.00		
Motel X 2	\$87.50/night		\$ 175.00		
Task 4 – Coordinate CREP January – February 2010 January-February 2010	90 X \$45./hr		\$ 4,040.00		
		Sterling-Denver X 1 250 @ .505/mi	\$126.25		
Per diem X 1	\$30/day		\$ 30.00		
Coordinate CREP March – April 2010	90 X \$45./hr		\$ 4,040.00		
		Sterling-Alamosa X 1 Sterling-Denver X 1 980 @ \$.505	\$ 494.90		
Per diem X 2	\$30/day		\$ 60.00		
Coordinate CREP May – June 2010	90 X \$45./hr		\$ 4,040.00		
		Sterling-Alamosa X 2 Sterling-Denver X 2 1,969 @ \$.505/mi	\$ 1,078.00		
Per diem X 4	\$30/day		\$ 120.00		
Motel X 2	\$87.50/night		\$ 175.00		
Total Costs:					\$ 29,102.60
Foundation Administration					\$ 1,500.00
GRANT REQUEST FROM RG BASIN					\$ 31,500.00

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SCHEDULE

Provide a project schedule including key milestones for each task and the completion dates or time period from the Notice to Proceed (NTP). This dating method allows flexibility in the event of potential delays from the procurement process. Sample schedules are provided below. Please note that these schedules are examples and will need to be adapted to fit each individual application.

Example 2

Task	First 6 Months						Second 6 Months					
	7/09	8/09	9/09	10/09	11/09	12/09	1/10	2/10	3/10	4/10	5/10	6/10
1 Agreements												
2 EA & Handbook												
3 Promote / Implement												
4 Coordinate												
WSRA Final Reports												

PAYMENT

Payment will be made based on actual expenditures and invoicing by the applicant. Invoices from any other entity (i.e. subcontractors) cannot be processed by the State. The request for payment must include a description of the work accomplished by major task, and estimate of the percent completion for individual tasks and the entire water activity in relation to the percentage of budget spent, identification of any major issues and proposed or implemented corrective actions. The last 5 percent of the entire water activity budget will be withheld until final project/water activity documentation is completed. 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 help promote the development of a common technical platform.

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The above statements are true to the best of my knowledge:

Signature of Applicant:

Print Applicant's Name:

Project Title:

Return this application to:

Mr. Todd Doherty
Intrastate Water Management and Development Section
COLORADO WATER CONSERVATION BOARD
1580 Logan Street, Suite 600
Denver, CO 80203

To submit applications by Email, send to: todd.doherty@state.co.us

Attachment 1
Reference Information

The following information is available via the internet. The reference information provides additional detail and background information.

Colorado Water Conservation Board (<http://cwcb.state.co.us/>)

Loan and Grant policies and information are available at – <http://cwcb.state.co.us/Finance/>

Interbasin Compact Committee and Basin Roundtables (<http://ibcc.state.co.us/>)

Interbasin Compact Committee By-laws and Charter (under Helpful Links section) –
<http://ibcc.state.co.us/Basins/IBCC/>

Legislation

House Bill 05-1177 - Also known as the Water for the 21st Century Act –

<http://cwcbweblink.state.co.us/DocView.aspx?id=105662&searchhandle=28318>

House Bill 06-1400 – Adopted the Interbasin Compact Committee Charter –

<http://cwcbweblink.state.co.us/DocView.aspx?id=21291&searchhandle=12911>

Senate Bill 06-179 – Created the Water Supply Reserve Account –

<http://cwcbweblink.state.co.us/DocView.aspx?id=21379&searchhandle=12911>

Statewide Water Supply Initiative

General Information – <http://cwcb.state.co.us/IWMD/>

Phase 1 Report – <http://cwcb.state.co.us/IWMD/SWSITechnicalResources/SWSIPhaseIReport/>

Attachment 2
Insurance Requirements

NOTE: The following insurance requirements taken from the standard contract apply to WSRA projects that exceed \$100,000 in accordance with the policies of the State Controller's Office. Proof of insurance as stated below is necessary prior to the execution of a contract.

INSURANCE IS NOT REQUIRED FOR THIS PROJECT

13. INSURANCE

Grantee and its Sub-grantees shall obtain and maintain insurance as specified in this section at all times during the term of this Grant: All policies evidencing the insurance coverage required hereunder shall be issued by insurance companies satisfactory to Grantee and the State.

A. Grantee

i. Public Entities

If Grantee is a "public entity" within the meaning of the Colorado Governmental Immunity Act, CRS §24-10-101, et seq., as amended (the "GIA"), then Grantee shall maintain at all times during the term of this Grant such liability insurance, by commercial policy or self-insurance, as is necessary to meet its liabilities under the GIA. Grantee shall show proof of such insurance satisfactory to the State, if requested by the State. Grantee shall require each Grant with Sub-grantees that are public entities, providing Goods or Services hereunder, to include the insurance requirements necessary to meet Sub-grantee's liabilities under the GIA.

ii. Non-Public Entities

If Grantee is not a "public entity" within the meaning of the GIA, Grantee shall obtain and maintain during the term of this Grant insurance coverage and policies meeting the same requirements set forth in §13(B) with respect to sub-Grantees that are not "public entities".

B. Sub-Grantees

Grantee shall require each Grant with Sub-grantees, other than those that are public entities, providing Goods or Services in connection with this Grant, to include insurance requirements substantially similar to the following:

i. Worker's Compensation

Worker's Compensation Insurance as required by State statute, and Employer's Liability Insurance covering all of Grantee and Sub-grantee employees acting within the course and scope of their employment.

ii. General Liability

Commercial General Liability Insurance written on ISO occurrence form CG 00 01 10/93 or equivalent, covering premises operations, fire damage, independent Grantees, products and completed operations, blanket Grantual liability, personal injury, and advertising liability with minimum limits as follows: (a) \$1,000,000 each occurrence; (b) \$1,000,000 general aggregate; (c) \$1,000,000 products and completed operations aggregate; and (d) \$50,000 any one fire. If any aggregate limit is reduced below \$1,000,000 because of claims made or paid, Sub-grantee shall immediately obtain additional insurance to restore the full aggregate limit and furnish to Grantee a certificate or other document satisfactory to Grantee showing compliance with this provision.

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iii. Automobile Liability

Automobile Liability Insurance covering any auto (including owned, hired and non-owned autos) with a minimum limit of \$1,000,000 each accident combined single limit.

iv. Additional Insured

Grantee and the State shall be named as additional insured on the Commercial General Liability and Automobile Liability Insurance policies (leases and construction Grants require additional insured coverage for completed operations on endorsements CG 2010 11/85, CG 2037, or equivalent).

v. Primacy of Coverage

Coverage required of Grantee and Sub-grantees shall be primary over any insurance or self-insurance program carried by Grantee or the State.

vi. Cancellation

The above insurance policies shall include provisions preventing cancellation or non-renewal without at least 45 days prior notice to the Grantee and the State by certified mail.

vii. Subrogation Waiver

All insurance policies in any way related to this Grant and secured and maintained by Grantee or its Sub-grantees as required herein shall include clauses stating that each carrier shall waive all rights of recovery, under subrogation or otherwise, against Grantee or the State, its agencies, institutions, organizations, officers, agents, employees, and volunteers.

C. Certificates

Grantee and all Sub-grantees shall provide certificates showing insurance coverage required hereunder to the State within seven business days of the Effective Date of this Grant. No later than 15 days prior to the expiration date of any such coverage, Grantee and each Sub-grantee shall deliver to the State or Grantee certificates of insurance evidencing renewals thereof. In addition, upon request by the State at any other time during the term of this Grant or any sub-grant, Grantee and each Sub-grantee shall, within 10 days of such request, supply to the State evidence satisfactory to the State of compliance with the provisions of this §13.

Attachment 3
Water Supply Reserve Account Standard Contract

NOTE: The following contract is required for WSRA projects that exceed \$100,000. (Projects under this amount will normally be funded through a purchase order process.) Applicants are encouraged to review the standard contract to understand the terms and conditions required by the State in the event a WSRA grant is awarded. Significant changes to the standard contract require approval of the State Controller's Office and often prolong the contracting process.

It should also be noted that grant funds to be used for the purchase of real property (e.g. water rights, land, conservation easements, etc.) will require additional review and approval. In such cases applicants should expect the grant contracting process to take approximately 3 to 6 months from the date of CWCB approval.

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Attachment 4

W-9 Form

NOTE: A completed W-9 form is required for all WSRA projects prior execution of a contract or purchase order. Please submit this form with the completed application.