

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

Applicant: Colorado Rio Grande Restoration Foundation

Water Activity Name: Rio Grande Conservation Reserve Enhancement Program (CREP) Phase II - Implementation

Water Activity Purpose: Non-structural water activity

County: Alamosa, Conejos, Costilla, Hinsdale, Mineral, Rio Grande, and Saguache counties

Drainage Basin: Rio Grande River

Water Source: Groundwater management strategy

Amount Requested: \$31,500 (Rio Grande Basin Account)

Matching Funds: None, but CREP seeks to leverage approximately \$94,000,000 federal dollars to provide cost-share, incentives, and annual rental payments to producers enrolled in the CREP program.

Staff Recommendation
The proposed project will meet consumptive and nonconsumptive water supply needs in the Rio Grande Basin. Staff recommends approval of up to \$31,500 from the Rio Grande Basin Account to fund the Rio Grande Conservation Reserve Enhancement Program (CREP) Phase II – Implementation, contingent on resolution of the items in the issues/additional needs section.

Water Activity Summary:

Groundwater levels within the Closed Basin area of the central and northern San Luis Valley are declining. These aquifer depletions reduce surface flows, increase agricultural pumping costs, and threaten the basin's objective of maintaining a sustainable water supply.

Phase I of this Project was funded with a previous WSRA grant of \$36,750 (basin funds) to develop a proposal and a subsequent agreement requesting enrollment of approximately 40,000 acres of irrigated cropland in Subdistrict No. 1 of the Rio Grande Basin, 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 completes the final negotiations and contracts of Phase I, finalizes the required "Programmatic Environmental Assessment", and sets in motion the Rio Grande CREP process by eliciting voluntary participation of water users in the program to fallow land and decrease groundwater use.

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 \$94,000,000 federal dollars 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 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

Threshold and Evaluation Criteria

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

Funding Overview

Grant funding in the amount of \$31,500 is requested from the Rio Grande Basin Account. Funding from the WSRA constitutes the entirety of the overall project cost. However, the project is necessary to leverage approximately \$94,000,000 federal dollars to provide cost-share, incentives, and annual rental payments to producers enrolled in the CREP program.

Discussion:

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 to help producers in the sub-district voluntarily reduce water consumption, seek a balance between supply and demand, and retain the viable agricultural economy that is vital to the region. This project supports several local conservation districts, water conservation districts, and agricultural producers to meet the ambitious goal of reducing consumptive use in the basin by 200,000 AF/year to address water shortages in both the confined and unconfined aquifers. 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.

This project builds on a previous WSRA-funded effort. By finalizing and implementing the Rio Grande CREP the basin will take a major step towards addressing the critical groundwater management issues identified by the basin.

Issues/Additional Needs:

- Though much progress was made, Phase I of this project was not able to complete the CREP proposal and agreement with the initial WSRA funds (\$36,750) as originally planned. Phase II seeks additional WSRA funds to complete the proposal, agreement, and “Programmatic Environmental Assessment” along with the addition of implementation efforts. Please detail how deliverables and contract completion for Phase I will be achieved and coordinated with Phase II.
- The budget includes rounding. A detailed and balanced budget must be provided along with a scope of work and schedule as a standalone document for procurement.

Staff Recommendation:

The proposed project will meet important consumptive and nonconsumptive water supply needs in the Rio Grande Basin. Staff recommends approval of up to \$31,500 from the Rio Grande Basin Account to fund the Rio Grande Conservation Reserve Enhancement Program (CREP) Phase II – Implementation, 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 & Final Deliverable: 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. 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.