

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

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TO: Colorado Water Conservation Board Members

Bill Ritter, Jr.
Governor

FROM: Greg Johnson
Intrastate Water Management & Development

James Martin
DNR Executive Director

DATE: November 12, 2009

Jennifer L. Gimbel
CWCB Director

SUBJECT: **Agenda Item 12, November 17-18, 2009 Board Meeting**
Postponed Consideration of Water Supply Reserve Account Application from the
Florida Mesa Canal Companies – Canal Seepage Reduction Program

Dan McAuliffe
CWCB Deputy Director

Staff Recommendation

Staff recommends conditional approval of the Florida Mesa Canal Companies – Canal Seepage Reduction Program with up to \$225,000 from the WSRA Statewide Fund, conditioned on resolution of the items in the issues/additional needs section in the summary sheet attached, and further conditioned as the Board may require. Staff also recommends that the applicant consider CWCB's loan program for further funding needs.

Background

At the September 2009 CWCB board meeting the board voted to postpone consideration of the Florida Mesa Canal Companies application to the WSRA Statewide Fund for its Canal Seepage Reduction Program. This decision was made in order to give the applicant an opportunity to respond to the board's questions concerning the project.

The board's primary concern focused on potential impacts to domestic wells on Florida Mesa. Since many local wells have issues of low yields, the board was concerned that reduced infiltration due to canal lining could have further impacts on well depletions. Though the application had some discussion of water rights and augmentation components of project, the board also wanted more information on these topics, especially as they pertain to groundwater impacts.

As a result, the board requested that a feasibility study on the project's groundwater impacts be included in the project's design work to be accomplished with WSRA funds. In addition, the board requested that the project's scope be modified to accommodate the significant reduction in WSRA funding under consideration. Staff recommended funding up to \$225,000 to cover the project's engineering as detailed in the scope. The balance of the requested \$1,000,000 was primarily designated for construction of the canal lining.

The applicant's engineer, Pete Foster of Wright Water Engineers in Durango, will give a presentation on the project and local groundwater hydrology. The presentation will explain why

the project's potential impacts to domestic wells are believed to be minimal based on Mr. Foster's research and experience. Due to the iterative nature of the board's anticipated discussion, Mr. Foster has provided a revised budget table, but not an entirely revised scope at this time. The applicant is prepared to include a feasibility study on potential groundwater impacts if the board reiterates this request in light of the information presented.

The applicant is in the process of seeking additional funding for the project. The applicant applied for United States Bureau of Reclamation (USBR) funding in 2009, but did not obtain requested funds. On USBR's recommendation, the applicant is reapplying in the current federal fiscal year and views CWCB's potential award of WSRA funds as an important factor in USBR's funding decision. The applicant has also met with CWCB Finance staff to discuss a potential loan. According to the applicant, the project is scalable, being feasible to construct at reduced funding levels.

Staff has discussed the project with Rege Leach, Division 7 Engineer. He is very familiar with the project and approves of its approach. However, he believes the board's concerns of potential groundwater impacts to domestic supplies are valid. As a result, he advised that a groundwater analysis be included in the engineering scope of work as requested by the board. Since the project entails the lining of only targeted areas of the ditch system (totaling over 100 miles of unlined canals and laterals) he does not anticipate the impacts to be significant. Rege supports the goals of the project to develop M&I water on the Florida Mesa system. As a Bureau of Reclamation project it was designed for irrigation, leaving all domestic needs on the mesa to be met by wells.

Rege explained that the efficiency gained by the selective lining will allow more water to remain in Lemon Reservoir and consequently used under newly obtained M&I decrees (including a partial change of consumptive use from certain irrigated lands and a new filing for a 3rd fill). Rege also explained that the decrees are final and conditionally approved by the DWR, but still in the process of being incorporated into a contract with the Bureau. In addition, he emphasized that this concept has been envisioned since the 1980's.

The following materials are included in the board notebook:

- Revised Budget and Schedule Tables
- Letter of Support from the La Plata County Commissioners
- WSRA Water Activity Summary Sheet from the September 2009 CWCB Board Meeting
- Basin Roundtable Letter of Support
- Cover Letter and WSRA Application