

**Water Supply Reserve Account – Grant and Loan Program
Water Activity Summary Sheet
Agenda Item 32.d.**

Applicant: Town of Gypsum

Water Activity Name: Flathead L.E.D.E. Ditch and Reservoir Reconstruction project

Water Activity Purpose: Structural Water Project

County: Garfield

Drainage Basin: Colorado River

Water Source: Gypsum Creek

Amount Requested: \$35,000

Source of Funds: \$175,000 (Statewide Account) and \$50,000 (Basin Account)

Matching Funds: Yes (20% basin funds)

Staff Recommendation
Staff recommends approval of up to \$50,000 from the Colorado Basin Account and \$175,000 from the Statewide account to help fund the L.E.D.E. Ditch and Reservoir Reconstruction project.

Water Activity Summary:

The Town of Gypsum owns the LEDE Ditch and LEDE Reservoir, which is located in the headwaters of Gypsum Creek, south of Gypsum. The original ditch and reservoir water rights are decreed absolute for irrigation uses up to 947 acre feet of storage. The existing LEDE Reservoir capacity is 431 acre feet. Gypsum seeks to increase capacity to accommodate continued agricultural irrigation, and for future water supplies to Gypsum Creek and the Town. Further, the ditch and reservoir require upgrades for aging facilities and to ensure compliance with state dam safety regulations, which were updated in 2007.

Irrigation in the Gypsum valley often depletes Gypsum Creek entirely, so that reservoir releases have become increasingly important for operating other water rights owned by Gypsum, and for irrigation use. The reservoir storage is expected to become more important as Gypsum's population expands over time. A recent feasibility study reviewed available water supply in the Gypsum Creek headwaters, estimating approximately 1,160 acre feet will be available annually for storage in an average precipitation year. Demands for irrigation and increased population were also examined, with a conclusion that expanding capacity in the ditch and reservoir was desired. Further, because the Town made a significant investment in the water rights for the ditch and reservoir, Gypsum seeks to preserve the full value of those water rights by ensuring maximum beneficial use.

Four alternatives were assessed, including a no action alternative. However, given the reservoir maintenance required even in a no action alternative, the additional capacity determination was recommended. In 2009, the Town requested and was granted a loan from the CWCB in order to construct Alternative #3 which would increase LEDE Reservoir capacity from 431 acre feet to 685 acre feet at an estimated construction cost of \$3,162,000.

During this loan process, members of the CWCB encouraged the Town to continue pursuing the possibility of ultimately constructing Alternative #4 at an estimated cost of \$3,995,015 which would

reach the full decreed water rights of 947 acre feet. The Town has continued to include engineering considerations for Alternative #4 while we move forward with improvements. The Town will be able to fund most of the additional monies necessary to increase the scope of the current project to the full 947 acre feet with the assistance of grant funding from the Colorado Basin and Statewide accounts. Therefore, we are requesting a total of \$225,000 to supplement additional cash funding from the Town and other sources. This project does not expect to be exempt from U.S. Corps of Engineers 404 (Dredge and Fill) Permitting requirements. Under the initial engineering review, a determination will be made if the contemplated repairs and increased dam size could impact any wetlands through inundation or fill. If any wetlands permitting will be required, the project timeline has built in time for wetlands delineation and permitting application, so a determination can be made. The Town has a Special Use Permit from the Forest Service for proposed work. Gypsum anticipates that the project work will fall within the permit parameters, but does anticipate funding will be necessary to ensure permit compliance.

Discussion:

Staff feels that the applicant did a good job articulating how this project meets the statewide evaluation criteria within the WSRA criteria and guidelines. They specifically addressed how this project seeks to promote collaboration/cooperation, how this project facilitates a water activity, and how this water activity addresses issues of statewide value and maximizes benefits. While this project may not score considerably well on addressing issues of statewide value, overall staff believes this project meets the first two tiers (the higher scoring tiers). Staff was impressed that the applicants took the comments provided by the CWCB when they were approved for their loan and determined that it was worth the extra expense to enlarge the reservoir to gain the full 947 acre-feet potential. Furthermore, the grant request is only a fraction of the incremental cost increase (\$225,000 out of \$835,000).

Issues/Additional Needs:

The Applicant has reviewed the standard contract and has some questions/issues/concerns. Staff has inquired into the applicant's issues and their concerns will most likely result in a review of their proposed amendments by the Attorney General's Office and/or the DNR Comptroller's Office which could result in significant delays.

Staff Recommendation:

Staff recommends approval of up to \$50,000 from the Colorado Basin Account and \$175,000 from the Statewide account to help fund the L.E.D.E. Ditch and Reservoir Reconstruction project.

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.