



COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT GRANT APPLICATION FORM

Lower South Platte Water Cooperative
Organizational Analysis

South Platte Basin

Name of Water Activity/Project

Approving Basin Roundtable

\$260,977

Amount from Statewide Account

\$200,000

Total Amount of Funds Requested

Amount from Basin Account

\$60,977

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2. Insurance Requirements (Projects Over \$25,000)
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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 calendar days prior to the bi-monthly Board meeting
- Statewide Account – 60 calendar days prior to the September Board meeting

Board Meeting Dates	Basin Account Deadlines	Statewide Account Deadlines
July 20-21, 2010	May 21, 2010	n/a
September 21-22	July 23, 2010	July 23, 2010
November 16-17	September 17, 2010	n/a
January 2011	60 days prior	n/a
March 2011	60 days prior	n/a
May 2011	60 days prior	n/a
July 2011	60 days prior	n/a
September 2011	60 days prior	60 days prior

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
Water Supply Planning Section
WSRA Application
1580 Logan Street, Suite 200
Denver, CO 80203
Todd.Doherty@state.co.us

If you have questions or need additional assistance, please contact Todd Doherty of the Water Supply Planning 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):	Lower South Platte Water Conservancy District		
	Mailing address:	100 Broadway Plaza Suite 12 Sterling, CO 80751		
	Taxpayer ID#:	84-0562269	Email address:	jmfrank@lspwcd.org
	Phone Numbers: Business:	(970) 522-1378		
	Home:			
	Fax:	(970) 522-0848		

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

Name:	Joe Frank
Position/Title	General Manager

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 Lower South Platte Water Conservancy District ("LSPWCD") is a public agency created in 1964 under the 1937 Water Conservancy Act for conserving, developing and stabilizing supplies of water for domestic, irrigation, power, manufacturing and other beneficial uses. Lower encompasses approximately 406,000 acres in portions of Morgan, Washington, Logan and Sedgwick counties.

The current mission statement of LSPWCD is: to conserve, protect and enhance waters flowing in the South Platte River and its tributaries within the District boundaries; and to participate in water-related projects that will embody protection of water rights, thoughtful conservation, responsible growth, and beneficial water usage within the Lower South Platte Valley.

LSPWCD currently owns, operates and manages infrastructure and water rights near Julesburg, CO for augmentation within the area, provides technical and water accounting assistance to water users within the District, actively participates in activities associated with the Platte River Recovery Implementation Program, and participates in Basin-wide, State-wide and Federal water policy and planning on behalf of water users in the District. In addition, staff and board members of LSPWCD are members of the Lower South Platte Water Cooperative Steering Committee which has been set up to research and analyze the feasibility of establishing a water management and leasing organization in the Lower South Platte River. Other members of the Steering Committee include agricultural water users, water providers and Colorado Division of Water Resources staff.

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

The Contracting Entity and the Applicant / Project Sponsor are the same. However, in addition to the Project Sponsor (LSPWCD), there are several partners actively contributing both time and funding for both this grant application and the overall organizational structure analysis and operational plan necessary for the development of a Lower South Platte Water Cooperative ("Water Cooperative"). At the time of this application LSPWCD, Northern Water, Bijou Irrigation, Ft. Morgan Reservoir and Irrigation Company, Jackson Lake Reservoir and Irrigation Company, Riverside Irrigation District and Groves Farms have contributed and/or pledged money towards the overall research and development of a Water Cooperative. A detailed list of active participants and letters of commitment will be attached prior to the September 14th, 2010 CWCB meeting.

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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.

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.

LSPWCD has no TABOR limits on revenue.

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Part B. - Description of the Water Activity

1. Name of the Water Activity/Project:

Lower South Platte Water Cooperative Organizational Analysis

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.

This project will research, analyze and formulate best fit alternatives for the organizational structure of a potential Water Cooperative in the area of the Lower South Platte River. The initial formation of a new organization would encompass water users within Water Districts 1 and 64 (Kersey to the CO-NE Stateline). The Water Cooperative, if successfully implemented would help manage and retime excess augmentation water available within the area via leases and exchange operations (using current water law, existing water rights, and new water right applications). In addition, the Water Cooperative could potentially serve as an organization to help manage members' direct flow and reservoir water, via leases and exchange operations (using alternative agriculture transfer methods and existing and new change of use water rights) without injury to other water rights. Preparing, filing, and pursuing any necessary water court applications are not a part of this scope of work and grant application request.

Funding from this grant will be used toward the analysis and determination of water law and water rights issues related to the Water Cooperative in order to identify and prevent injury to other water rights within the basin from the operations described above. This project will also research and determine the best fit for operational planning for the Water Cooperative. Please note that extensive engineering and economic work will need to be conducted for a comprehensive analysis of a viable and best fit operations plan. The Steering Committee plans to apply for Alternative Ag Transfer Grant Program (AATGP) funding to complete this comprehensive operational planning analysis. Should the AATGM application be successful, work under this WSRA program will evaluate comprehensive operational planning developed under the AATGM in tandem with best fit organizational alternatives developed through this grant. However, should the AATGM application be unsuccessful, work under this WSRA program will develop a conceptual level operations plan for the Water Cooperative.

Finally, funding for this project will be used to develop guidelines and an overall summary of potential options for the organizational structure of a new water cooperative. Water users and other interested parties will be provided with best fit alternatives that summarize estimated costs, benefits, impacts, risks and other issues associated with each alternative. Members of the Steering Committee and consulting team will initiate and facilitate meetings with interested water users to discuss and evaluate these options. Draft organizational documents will be prepared for evaluation by water users to the point of potential initiation of such an organization.

Part C. – Threshold and Evaluation Criteria

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1. Describe how the water activity meets these **Threshold Criteria**. (Detailed in Part 3 of the Water Supply Reserve Account Criteria and Guidelines.)
 - a) The water activity is consistent with Section 37-75-102 Colorado Revised Statutes.¹

The water activities proposed by this project are consistent with Section 37-75-102, Colorado Revised Statutes.¹

¹ 37-75-102. Water rights - protections. (1) It is the policy of the General Assembly that the current system of allocating water within Colorado shall not be superseded, abrogated, or otherwise impaired by this article. Nothing in this article shall be interpreted to repeal or in any manner amend the existing water rights adjudication system. The General Assembly affirms the state constitution's recognition of water rights as a private usufructuary property right, and this article is not intended to restrict the ability of the holder of a water right to use or to dispose of that water right in any manner permitted under Colorado law. (2) The General Assembly affirms the protections for contractual and property rights recognized by the contract and takings protections under the state constitution and related statutes. This article shall not be implemented in any way that would diminish, impair, or cause injury to any property or contractual right created by intergovernmental agreements, contracts, stipulations among parties to water cases, terms and conditions in water decrees, or any other similar document related to the allocation or use of water. This article shall not be construed to supersede, abrogate, or cause injury to vested water rights or decreed conditional water rights. The General Assembly affirms that this article does not impair, limit, or otherwise affect the rights of persons or entities to enter into agreements, contracts, or memoranda of understanding with other persons or entities relating to the appropriation, movement, or use of water under other provisions of law.

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- b) 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 BRT's 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.

This project is currently under the evaluation and approval process of the South Platte Basin Roundtable.

- c) The water activity meets the provisions of Section 37-75-104(2), Colorado Revised Statutes.² The Basin Roundtable Chairs shall include in their approval letters for particular WSRA grant applications a description of how the water activity will assist in meeting the water supply needs identified in the basin roundtable's consumptive and/or non-consumptive needs assessments.

The water activities proposed by this project meet the provisions of Section 37-75-104(2), Colorado Revised Statutes.²

² 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.

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- d) 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 CWCBC. 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 application and request seeks \$200,000 in Statewide Water Supply Reserve Account funding. The application also requests \$60,977 of funding from the South Platte Basin Roundtable. In addition, previous expenditures directly related to this project, (occurring within 9 months of the date of this application) total \$10,063. Previous in-kind services directly related to this project, (occurring within 9 months of the date of this application) total \$10,300. In-kind services and expenditures estimated during the grant funding period for this project total \$17,665. The total in-kind matching funds attributable to this application equal \$38,028 while the total matching funds (including in-basin contributions) equals \$99,005, which is approximately 49% of the Statewide funding request.

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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.)

Tier 1: Promoting Collaboration/Cooperation and Meeting Water Management Goals and Identified Water Needs

- a. The water activity addresses multiple needs or issues, including consumptive and/or non-consumptive needs, or the needs and issues of multiple interests or multiple basins. This can be demonstrated by obtaining letters of support from other basin roundtables (in addition to an approval letter from the sponsoring basin).

The water activities associated with this project primarily help address agricultural, municipal and industrial needs within both the South Platte Basin Roundtable area and the Metro Roundtable area. In addition, environmental and recreational enhancements will be developed thru water activities associated with this project. For example, Ducks Unlimited has been very active in the South Platte River basin developing wetlands that have a dual purpose of habitat enhancement and alluvial aquifer recharge. These types of facilities could be very useful to the Water Cooperative in retiming and managing water. It is anticipated that mutually beneficial projects could be developed with Ducks Unlimited for habitat enhancement, recreation (i.e. water fowl hunting), and water management.

- b. The number and types of entities represented in the application and the degree to which the activity will promote cooperation and collaboration among traditional consumptive water interests and/or non-consumptive interests, and if applicable, the degree to which the water activity is effective in addressing intrabasin or interbasin needs or issues.

Currently LSPWCD, Northern Water, Bijou Irrigation, Ft. Morgan Reservoir and Irrigation Company, Jackson Lake Reservoir and Irrigation Company, Riverside Irrigation District and Groves Farms are represented in this application and/or are participating in the progress of potentially developing a Water Cooperative. In addition, several ditch and reservoir companies, augmentation groups and other parties have expressed interest in active participation in the project. This project promotes cooperation and collaboration among water interests within the basin, as the goal of the project is to benefit numerous water users. A more complete list of active participants will be submitted prior to the September 14th CWCB meeting.

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It is anticipated that this project can be very effective in addressing intrabasin issues. Currently, many agricultural water users are unable to fully meet their irrigation requirements because they do not have adequate water supplies. In addition, municipalities in the South Platte are in need of water supplies. These are significant issues in the South Platte River basin, and it is anticipated that the formation of a Water Cooperative could be very effective in connecting those with excess supplies with those in need of water. Developing new water supplies and more efficiently using available water within the South Platte basin may also lead to some relief in the pressures on both in-basin and trans-basin water supplies.

c. The water activity helps implement projects and processes identified as helping meet Colorado's future water needs, and/or addresses the gap areas between available water supply and future need as identified in SWSI or a roundtable's basin-wide water needs assessment.

The water activities associated with this project look to address future water needs for both agriculture and M&I identified by SWSI, the South Platte Basin Roundtable Needs Assessments and the Metro Roundtable Needs Assessments.

Tier 2: Facilitating Water Activity Implementation

d. Funding from this Account will reduce the uncertainty that the water activity will be implemented. For this criterion the applicant should discuss how receiving funding from the Account will make a significant difference in the implementation of the water activity (i.e., how will receiving funding enable the water activity to move forward or the inability obtaining funding elsewhere).

The majority of water users interested in formalizing a Water Cooperative within the area of the Lower South Platte River are agricultural water users. Their overall ability to fund the research, analysis and formulation of such an organization is very limited. In addition, it is very unlikely that most water users would join or create a Water Cooperative within this geographical area until they could see the costs, benefits, impacts and risks of a potential Water Cooperative. In order to further the Water Cooperative concept, it is critical that outside funding be obtained to fund the necessary up-front research, analyses, and other identified work.

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e. The applicant must demonstrate its ability to implement the proposed activity.

This proposed activity falls within the goals and mission of LSPWCD. In addition, LSPWCD has the organizational structure and authority to contract for, manage and implement the proposed work.

f. The applicant is providing matching funds and the amount of matching funds or is obtaining partial funding from other sources and the amount and source of such other funds or is providing demonstrable in-kind contributions.

See Part C 1. (d) of this application and attached Budget.

Tier 3: The Water Activity Addresses Issues of Statewide Value and Maximizes Benefits

g. The water activity helps sustain agriculture, and open space, or meets environmental or recreational needs.

The water activities and primary goals of this project are to help sustain agriculture and open space and to help meet environmental and recreational needs by seeking to address agricultural, municipal and industrial water shortages into the future. The water activities of this project also look to enhance existing and/or add new recharge wetlands, and other potential infrastructure and storage facilities which provide environmental habitat and recreational opportunities within the South Platte River Basin.

h. The water activity assists in the administration of compact-entitled waters or addresses problems related to compact entitled waters and compact compliance and the degree to which the activity promotes maximum utilization of state waters.

The water activities associated with this project seek to optimize and more efficiently use waters within the South Platte River Basin all within the terms of the South Platte River Compact between Colorado and Nebraska.

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i. The water activity assists in the recovery of threatened and endangered wildlife species or Colorado State species of concern.

The water activities associated with this project may provide additional recharge water during various times of the year that could become available for Colorado's water obligations under the Platte River Recovery Implementation Program.

j. The water activity provides a high level of benefit to Colorado in relationship to the amount of funds requested.

The water activities associated with this project highly benefit the State of Colorado through the potential creation of a new organization to manage and retime excess augmentation water available within the South Platte Basin via leases and exchange operations, and to help address shortages within the basin. All of these potential future benefits have the ability to help offset pressure from the overall South Platte and Metro combined basins on other in-basin and trans-basin water sources.

k. The water activity is complimentary to or assists in the implementation of other CWCB programs.

The water activities associated with this project highly compliment the Alternative Ag Transfer Method Program and the overall water planning efforts of CWCB as the project looks at efficiently managing South Platte River water in addition to utilizing conventional alternative agricultural transfer programs. Specifically this grant is interconnected to previous and potential future Alternative Ag Transfer Method Grant Programs funding and projects.

A significant finding of the Colorado Corn Growers Association AATGP grant was that a Water Cooperative or similar organization would be very useful in the future implementation of alternative water transfers. For example, municipalities would prefer to contract for water with one organization rather than contracting with several individual agricultural producers. The furtherance of the Water Cooperative concept and organization will provide some of the next steps in meeting the goals of the AATGP.

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Part D. – Required Supporting Material

1. Water Rights, Availability, and Sustainability

This project seeks to utilize existing augmentation, recharge, direct flow and reservoir water rights within Water Districts 1 and 64. Daily recording, accounting and management of available water supplies will be researched and potentially developed via this project with the understanding that current water laws and decree terms will be upheld. If and when an organization is created, water right and exchange applications may need to be filed in water court to allow the operation of this water management but will not be done as part of this grant funding program. As part of this project current water rights and water law will be researched and evaluated in order to develop an organization and operational plan that will prevent injury to other water rights in the South Platte Basin.

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

An initial point flow and exchange analysis was developed for water years 2002 thru 2008 by the Steering Committee and Brown and Caldwell consulting engineers. This work was funded through a grant from the Colorado Water Conservation Board's Alternative Agriculture Transfer Methods Grant Program. The work provided initial findings and feasibility as to the ability to retime and exchange both excess augmentation water and other types of available water in Lower South Platte River.

3. Statement of Work, Detailed Budget, and Project Schedule

Statement of Work

WATER ACTIVITY NAME - Lower South Platte Water Cooperative Organizational Analysis

GRANT RECIPIENT – Lower South Platte Water Conservancy District

FUNDING SOURCE – South Platte Basin Roundtable WSRA account \$60,977
- Statewide WSRA account \$200,000

INTRODUCTION AND BACKGROUND

During the last decade, augmentation and aquifer recharge efforts have steadily increased in areas in the South Platte River Basin primarily from east of Kersey to the Colorado-Nebraska state line in order to augment out-of-priority depletions from alluvial wells in this area. It has become apparent that during this timeframe both operational and physical inefficiencies coupled with natural hydrology and water supply variations have created times of excess augmentation supplies for various augmentation plans in addition to times of inadequate augmentation supplies for several augmentation plans. During this same timeframe the need for additional water supplies for municipal and industrial growth within the South Platte Basin has rapidly increased.

Numerous water providers and water brokers have purchased land within this area with the intent to dry-up the land and transfer the consumptive-use portion of water to municipal and industrial use.

Water users in this area determined that there was a need to research and develop a potential organization that could manage, retime and exchange excess augmentation water within Water Districts 1 and 64 (Kersey to the CO-NE Stateline). A Steering Committee of agricultural water users, water providers, and Colorado Division of Water Resources staff was formed during the first quarter of 2009 to research the feasibility and develop a concept for such an organization. Members of the Steering Committee proceeded to gather and compile data and information from the Colorado Division of Water Resources pertaining to recent augmentation accounting, river hydrology, diversions, and river calls in order to determine quantities and timing of river flows and excess augmentation water in addition to times and quantities of potential river exchanges. It was determined that an estimated 15,000 to 30,000 ac-ft of excess augmentation water exists during average to dry years within Water Districts 1 and 64 during various times of the year, (primarily March thru June) which may be available for retiming, exchanges and lease. Brown and Caldwell consulting engineers reviewed and compiled the data and developed a point flow model of the South Platte River for water years 2002 thru 2008 from Chatfield Reservoir to the CO-NE Stateline. This engineering work was funded as part of an Alternative Agriculture Transfer Method Grant received by the Corn

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Growers Association. Brown and Caldwell also created an exchange analysis during this same timeframe to determine the ability to exchange both excess augmentation water and water from potential alternative agricultural water transfers. Once these preliminary findings were prepared, the Steering Committee then approached the board of directors of the majority of ditch and reservoir companies, augmentation groups and conservancy districts in the area to present the findings and gather feedback and questions regarding the concept. The feedback was mostly positive so long as 1) a new organization was transparent, fair and open and, 2) operations of the plan worked within the framework of current water law and did not injure other water rights in the basin.

Some ditch and reservoir companies, augmentation groups and other water users also conveyed to the Steering Committee that in addition to retiming, exchanging and leasing excess augmentation water to local agricultural entities for improving local agricultural shortages, these groups would also like to have the ability to lease a portion of both their excess augmentation water and potentially their senior direct flow and reservoir water (via conventional or alternative agricultural transfer methods) to municipal and industrial end users. The Steering Committee and other interested parties believe that operations developed under a newly formed Water Cooperative could help address various amounts of existing agricultural shortages as well as a portion of projected municipal and industrial water shortages.

OBJECTIVES

The objectives of this project are 1) to analyze and determine the best organizational structure for a water cooperative in the Lower South Platte River, 2) analyze and determine water law issues related to a water cooperative, 3) research and determine the best fit operational planning for the water cooperative, and 4) finalize the findings to the point of potential initiation of a water cooperative organization.

TASK 1 – [Organizational Structure]

Description of Task

Research and evaluate existing organizational structures created for the management and leasing of agricultural water. Legal research regarding viable organizational form and structure. Development of legal opinions and recommendations regarding viable alternatives and prioritization of best fit alternatives. The engineering consultants will assist the legal consultants concerning development of an organizational structure and any technical issues related to such a structure. Water users will also

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be polled as part of this task to determine interest in and preferences for each organizational structure alternative.

Method/Procedure

Task 1 primarily involves work by the legal consultants to research and identify viable organizational forms/structures that could be used for the Water Cooperative, and describe the necessary documents, other work, and potential costs that would be necessary under the identified alternatives. It is anticipated that standard legal research techniques would be used. Also included in this Task would be meetings and other communications with the Steering Committee and water users to discuss possible alternatives, and creation of a final report/opinion letter describing alternatives, analysis, conclusions, and recommendations.

Deliverable

Preliminary written communications and final report/opinion letter describing alternatives, analysis, conclusions, and recommendations.

TASK 2 – [Water Law and Water Rights]

Description of Task

Legal research and analysis of water law and water rights issues. Develop recommendations concerning legal requirements and necessary Water Cooperative water management operations and practices to address potential water rights issues and prevent injury. Augmentation decrees and other decrees within Water Districts 1 and 64 will be reviewed and evaluated to determine the ability and constraints to exchange, retire and lease excess augmentation water and/or other types of available water. Future exchange, change of use and new water right filings will also be evaluated as part of this task. The engineering consultants will assist the legal consultants by analyzing any technical issues related to water laws and water rights in conjunction with operational planning.

Method/Procedure

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Task 2 also primarily involves work by the legal consultants. It is anticipated that standard legal research methods will be used. Also included in this Task would be meetings and other communications with the Steering Committee and engineering consultants to discuss possible legal issues and potential injury related to operations under the Water Cooperative, and creation of a final report/opinion letter describing the legal research, identified legal issues, analysis, conclusions, and recommendations.

Deliverable

Preliminary written communications and final report/opinion letter describing the legal research, identified legal issues, analysis, conclusions, and recommendations.

TASK 3 – [Operational Planning]

Description of Task

Task 3 involves work by both the engineering consultants and legal consultants. In this task, a conceptual operations plan will be developed that matches available water supplies with potential demands. The operations plan will describe the locations and amounts of potential water supplies, the locations and amounts of potential water demands, necessary existing/new infrastructure or exchanges that would be needed to convey water between supplies and demands, data collection necessary to properly track water transactions, and accounting needs.

At this stage of work, the operations plan will be developed at a conceptual level. As described previously in this application, it is the intent of the Steering Committee to pursue an AATGP grant in September of 2010 to further develop the operations plan. If that grant application is successful, the conceptual plan developed under this grant will be used to enhance and further advance the detailed operations plan. If the AATGP grant is unsuccessful, the work funded under this grant will be very useful in advancing the concept and potential operations of the Water Cooperative to a point that potential cooperators will have the necessary information to decide whether or not to participate. Additional funding would then be sought to develop a detailed operations plan after the completion of the conceptual operations plan.

Several activities will be conducted in association with this task. These activities are described below:

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- *Identify locations and amount of potential supplies.* This activity will build on the work previously conducted as part of the CCGA's AATGP grant. In this task, augmentation plans with excess augmentation credits will be identified as well as the geographic location where the excess credits occur. Other sources of potential supply will also be identified, such as ditch companies that could engage in alternative agricultural water transfer programs. A conceptual level analysis of the amount of water that could result from alternative transfers will be conducted. The locations of available water from potential alternative transfers will also be identified. Additional water supplies to be explored are storage and direct flow rights that could be leased through the Water Cooperative.
- *Identify location and amounts of potential demands.* Previous work under the CCGA's AATGP grant included fairly broad assumptions as to where demands may be located. In this activity, the locations and amounts of demand for water will be explored in greater detail. Specific locations of agricultural, municipal, industrial, environmental and recreational demands will be identified. The potential amounts of these demands will be estimated.
- *Locations and capacity of infrastructure and exchanges.* This activity will further the work that was begun in the CCGA's AATGP grant. The previous work identified various exchange limitations in the South Platte River and examined one potential location where new infrastructure would help increase the exchange potential through this limiting area. In this activity, the evaluation of exchange potential and new infrastructure (including but not limited to: pumping stations, piping, recharge ponds and storage vessels) will be extended to the CO/NE state line. The locations and amounts of supply and demand identified in previous activities will be used in this evaluation.
- *Data collection needs.* Daily data collection needs will be identified that will be necessary in order to track the water available for transfer to other uses, to manage the water in the cooperative, and to provide the necessary data for accounting purposes.
- *Water accounting needs.* Necessary water accounting data and information will be identified.
- *Reporting.* A report describing the conceptual operations plan will be written. Recommendations for future work will be provided.
- *Legal Evaluation of conceptual operations plan.* The legal consultants will assist the engineering consultants concerning development of the conceptual operations plan and any legal issues related to such plan.

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- *Drafting of Operational Documents.* The legal consultants will assist with drafting of any necessary initial operations plan documents.

Method/Procedure

The methods and procedures to be used in this task are described below:

- *Identify locations and amount of potential supplies.* Previous work in identifying augmentation plans with excess credits will be used for this task. In addition, a conceptual level assessment of Lower South Platte ditch systems will be conducted to estimate the amount of water that could be transferred through alternative means. To conduct this assessment, information describing historical diversions, irrigation water demands, irrigated acreage, and previous change cases will be collected and assessed to develop rough estimates of the amount of historical consumptive use that could potentially be transferred using alternative (or conventional) methods. In addition, representatives from ditch companies interested in the Water Cooperative concept will be interviewed to verify or supplement information derived in this analysis. The locations and amounts of potential supply will be mapped in GIS and will be included in the report.
- *Identify location and amounts of potential demands.* The location and amount of potential demands will be better defined and mapped. Representatives of augmentation plan groups who have shown support for the Water Cooperative concept will be interviewed to better understand the amount, timing, and location of their water demands. Municipal water providers and their representatives will be interviewed as well. The results of this research, including the locations and amounts of demands, will be mapped in GIS and will be included in the final report.
- *Locations and capacity of infrastructure and exchanges.* This activity will use the analysis tools developed for the CCGA AATGP work. The analysis tools consist of a daily point flow model and exchange and infrastructure analysis spreadsheet model. These tools will be used to examine exchanges between points of supply and demand identified in previous activities associated with this grant. New infrastructure needs (i.e.

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pumping stations, piping, new storage, etc.) and their potential capacities will be assessed using this tool.

- *Data and water accounting needs.* These needs will be assessed from an engineering and legal perspective. The needs will be described in the report.
- *Report.* A draft report will be written to document the conceptual operations plan. The draft report will be reviewed by the Steering Committee members, project consultants, interested Water Cooperative participants and CWCB staff for comments and revisions. A final report will then be prepared.

Deliverable

Deliverables associated with this task include the following:

- Maps showing the location of potential supplies and demands, and locations of potential infrastructure improvements.
- Updated analysis tools for assessing exchange capacity and infrastructure
- Report describing the conceptual operations plan.

TASK 4 – [Water Cooperative Development]

Description of Task

Combine all information, analyses, and results of Tasks 1 thru 3 into a comprehensive set of guidelines and an overall summary of potential options for the organizational structure and operational plan of a new water cooperative. Summarize best fit alternatives including estimated costs, benefits, impacts and risks associated with each alternative. Initiate and facilitate meetings with interested water users to discuss findings and opinions, solicit feedback, and evaluate options. Revise alternatives based on water user feedback and comments. Draft initial organizational documents for interested water users to evaluate including, for example, draft bylaws, articles of incorporation, membership petitions and other necessary documents to initiate the potential formation of a Water Cooperative. Coordinate and assist water users with a plan to initiate development of a Water Cooperative organization.

Method/Procedure

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Task 4 will be a cooperative process between the Steering Committee, interested water users, and the legal and engineering consultants.

Deliverable

Final Report, guidelines and summary documents to CWCB, South Platte Basin Roundtable and interested water users and providers.

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.

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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.

See Attached Budget (Parts 1 thru 3)

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.

Schedule

Task	Start Date	Finish Date
1	Upon NTP	NTP + 270 days
2	Upon NTP	NTP + 270 days
3	Upon NTP	NTP + 270 days
4	Upon NTP + 300 days	NTP + 480 days
Final Report	NTP + 480 days	NTP + 570 days

NTP = Notice to Proceed

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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: *Joe Frank*

Print Applicant's Name: Joe Frank, General Manager
Lower South Platte Water Conservancy District

Project Title: Lower South Platte Water Cooperative Organizational Analysis

Date: July 6th, 2010

Return this application to:

Mr. Todd Doherty
Intrastate Water Management and Development Section
COLORADO WATER CONSERVATION BOARD
1580 Logan Street, Suite 200
Denver, CO 80203

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

To submit applications by Fax, send to: (303) 894-2578

For questions, call Telephone No.: (303) 866-3426

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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/TWMD/>

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

Attachment 2
Insurance Requirements

NOTE: The following insurance requirements taken from the standard contract apply to WSRA projects that exceed \$25,000 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.

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.

iii. Automobile Liability

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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**.

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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.