STATE OF COLORADO

Colorado Water Conservation Board
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TO: Colorado Water Conservation Board

FROM: Todd Doherty

DATE: January 14, 2011

SUBJECT: **Agenda Item13, January 25-26, 2011 Board Meeting**
Water Supply Planning Section
Alternative Agricultural Water Transfer Grant Program

Staff Recommendation

Please refer to the agricultural grant program summary sheets for staff recommendations for each grant application.

Background

The 2007 Legislature approved the Colorado Water Conservation (CWCB) to develop a competitive grant program to advance various agricultural water transfer methods as alternatives to permanent dry-up in the Arkansas and South Platte Basins (authorized under the 2007 CWCB Projects Bill). This was in part a response to the increasing concern that the growing population and the associated urbanization is resulting in record levels of agricultural land dry-up. The Statewide Water Supply Initiative (SWSI) indicated that over 500,000 irrigated acres could be lost by 2030 with most of those in the Arkansas and South Platte basins. SWSI 2010 forecasts that Colorado's population will increase by nearly 80 percent to 9.1 million people in 2050, under medium economic growth conditions. The majority of these new people will reside on the Front Range. By 2050, the South Platte/Metro basin alone is forecasted to grow from 3.5 million (in 2008) to slightly more than 6 million people. To continue to meet the demands of this growing population, Colorado will need approximately 633,000 acre-feet of additional water statewide for municipal and industrial needs by 2050. Most of this demand will be met through three main water supply strategies: conservation, agricultural transfers, and new water supply development. Agricultural has many significant benefits including habitat, open space and helps to sustain rural economies. Without a sustainable agricultural industry many small rural communities could not survive. When the Legislature approved this grant program in 2007, the goal was to further advance alternative methods to "buy and dry" that provide long-term reliable M&I water supplies while sustaining those important rural agricultural dependent towns and economies. Some of the key benefits derived from alternative water transfers include:

- Relationships between irrigators and municipalities—water sharing
- Provides irrigators with needed capital to upgrade farm or irrigation system equipment or infrastructure
- Helps to optimize the use of a scarce resource

- Sustain rural agricultural communities and economies
- Preserve productive agriculture open spaces
- Provide for greater food security
- Helps sustain our natural environment and provide wildlife habitat

Through the initial round of grants, much progress has been made to advance alternative water transfer methods. Over the last several years, the CWCB staff has convened numerous meetings with the grant recipients, water users, division engineers, water engineers, water attorneys, academicians, environmental representatives and others to discuss how we can make alternative agricultural water transfers a real option in Colorado. Through this dialogue, several key obstacles/barriers were identified and are listed below:

- Barriers to acceptance of alternative transfer methods by cities and farmers
- Further technical analysis of transferable consumptive use
- Administrative and legal barriers
- Institutional framework and water supply delivery options necessary to implement an alternative transfer method
- Potential third party concerns.

Recognizing the importance of irrigated agriculture in Colorado, the Legislature authorized an additional $1.5 million to continue the advancement of alternative agricultural water transfer methods in the 2009 CWCB Projects Bill. In September 2010, the Board approved revised criteria and guidelines for this grant program that indicated a preference to fund projects that address the key obstacles/barriers identified above. A call for proposals was provided to the public and nine grant applications totaling over $1.8 million were received. In the review process, staff strived to ensure that the projects were aimed at the advancement of alternative water transfer methods in Colorado by addressing the obstacles identified above.