

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Todd Doherty, Water Supply Planning Section

DATE: November 2, 2011

SUBJECT: **Agenda Item 18e, November 15-16, 2011 Board Meeting**
Non-Reimbursable Investments – CWCB
Alternative Agricultural Water Transfer Methods
Statewide Competitive Grant Program

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Recommendation

Staff recommends that the Board request the General Assembly to authorize \$1,000,000 from the Construction Fund to be appropriated to the Department of Natural Resources for allocation to the CWCB to fund the Alternative Agricultural Water Transfer Methods—Statewide Competitive Grant Program to continue the support of critical projects and activities that advance methods providing for alternatives to permanent transfer of agricultural water rights to urban areas for municipal and industrial uses..

Background

Staff is requesting funding for the Alternative Agricultural Water Transfer Methods—Statewide Competitive Grant Program in the amount of \$1,000,000 to continue the support of critical projects and activities that advance methods providing for alternatives to permanent transfer of agricultural water rights to urban areas for municipal and industrial uses.

The 2007 Legislature approved the Colorado Water Conservation (CWCB) to develop a competitive grant program to advance various agricultural transfer methods as alternatives to permanent dry-up in the Arkansas and South Platte Basins (authorized under SB 07-122). In 2009, an additional appropriation was made to continue the advancement of alternative agricultural water transfers. Since its inception, the CWCB's Alternative Agricultural Water Transfer Methods Grant Program has awarded approximately \$2.8 million to various water providers, ditch companies, and university groups to help support a variety of projects to study and further various alternative water transfer methods including rotational fallowing, Interruptible Service Agreements (ISAs), water banks, purchase and leasebacks, deficit irrigation, and changing crop types. Through this program, many worthwhile projects have been made possible including the continuation of engineering support for the Super Ditch, on-farm analysis of limited irrigation techniques (i.e. Parker Water and Sanitation District), analysis of a

West-Slope water bank and analysis of “water cooperative” in the lower South Platte River to name a few. Significant advancements in alternative water transfers are underway. For example, in the Arkansas basin, a pilot project is being developed to demonstrate the temporary transfer of 500 acre-feet from the Catlin Canal to the City of Fountain and other municipal users. Another effort includes the development of an administrative tool or model that for calculating transferable consumptive use and assessing impacts to the stream aquifer system from temporary transfers of water rights associated with lease fallowing agreements. These efforts are a few examples of how this program has advanced this relatively new area of water resource management over the period of several years.

If this program receives an additional appropriation, staff recommends that funding be targeted towards projects that help facilitate actual water sharing agreements between irrigators and other users (i.e. municipal, industrial, agricultural, recreational or environmental). It is contemplated that pilot projects would be eligible for funding. In addition to agreements, funding could be used to help overcome the barriers to alternative water transfers that have been identified by the CWCB (i.e. high transaction costs, water administrative issues, infrastructure needs).

Water Project Construction Program – Project Data

Applicant: Colorado Water Conservation Board

Project Name: Alternative Agricultural Water Transfer Methods Grant Program

Project Type: Demonstration Project

County: Statewide

Drainage Basin:
Statewide Drainage Basins

Water Source: N/A

Total Study Cost: \$1,000,000

Funding Sources: CWCB

CWCB Investment: \$1,000,000
Interest Rate: N/A

Term: N/A

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