Water Supply Reserve Account – Grant and Loan Program
Water Activity Summary Sheet

Applicant: Southeastern Colorado Water Activity Enterprise

Amount Requested: $200,000.00

Water Activity Name:

Arkansas Valley Conduit

Source of Funds: Statewide Account

Matching Funds: yes, $212,000.00 plus past study cost of up to $140,000.00

Water Activity Purpose:

Study/analysis of structural activity (application indicated structural activity but the grant does not appear to include implementation)

County: Multiple

Drainage Basin:

Arkansas

Water Source:

Transbasin water from the Fry-Ark Project and Arkansas River.

The main source of water for the Arkansas Valley Conduit (Conduit) will be Project water from the Fryingpan-Arkansas Project. Project water is imported from the Fryingpan River basin via the Boustead Tunnel. The District has a perpetual right to divert and use this water. Twelve percent of the water produced by the Project is dedicated to entities east of Pueblo. During an average year, this amounts to about 6,202 Acre-feet. This is the primary source of water that will be brought down the conduit.

The Arkansas Valley Conduit will begin at the South Outlet Works of the Pueblo Dam. Pueblo Reservoir is the terminal storage unit for Project Water owned by the Southeastern Colorado Water Conservancy District. Project entities have storage available to them in Project facilities. Thus they will be able to store water for use in the Conduit in years that the water supply is not sufficient for that year's needs. Currently water providers in the valley below Pueblo are receiving their water either via the Arkansas River or by pumping from wells, both shallow and deep. These water providers are having difficulty meeting clean drinking water standards because of having to take water from the river and\or from wells that are now out of compliance with clean drinking water standards.

In addition, Return Flows can be a source of water for the Conduit. The District has an exchange right with a 1939 priority for exchanging municipal return flows back upstream to Pueblo Reservoir where they will be available for use in the Conduit. These Return Flows will need further engineering but can be expected to provide from 1,200 to 2,500 acre-feet of additional water.

Water Activity Summary:

The Southeastern Colorado Water Conservancy District (District) was formed under Colorado State Statutes on April 29, 1958 by the District Court in Pueblo, Colorado (Appendix A- Water Conservancy Act). The District's purpose is to develop and administer the Fryingpan-Arkansas Project (Fry-Ark). The District holds the water rights to the Project. The District has allocated an average of 55,600 acre-feet of water annually to cities, towns, municipalities, and ditch, canal, reservoir and irrigation companies within the District. In addition, the District provides water and return flows for well augmentation.

The District encompasses portions of Bent, Chaffee, Crowley, El Paso, Fremont, Kiowa, Otero, Prowers, and Pueblo counties, within the Arkansas River Basin. The District includes large metropolitan cities, small rural towns, and agricultural areas ranging from very small farms to large ranching operations. It truly is representative of "Rural America" where the agricultural sectors are suffering out-migration and the larger metropolitan areas are facing problems common to growing areas.

The District formed an Enterprise in 1996 to handle projects and for compliance with Tabor issues. The Enterprise is the lead organization on the Arkansas Valley Conduit and cooperates and consults with the participants of the Conduit to assure that their needs are being met.

The Southeastern Colorado Water Activity Enterprise requests a $200,000 grant from the Water Supply Reserve Account to assist in the funding of a required local match to a Federal Grant administered through the Environmental Protection Agency for the Arkansas Valley Conduit.

While Feasibility and Engineering studies have been performed for the Conduit, the Federal Grant will allow the Enterprise and the water providers served by the Conduit to complete the studies and engineering needed to move the Conduit to a position that will allow the Conduit to be ready for the design and construction phases once Federal authorization and appropriations are passed. This vital project has made significant progress and appears to be in line to move to construction. However, there are still several items that need to be finalized and the Federal Grant along with the local match will provide the necessary funding to complete these items.

The total Grant is expected to be about $1,227,000. The Federal portion will be $675,000. The local match is projected to be about $552,000. It is anticipated that the local match will be funded as follows:

Southeastern Colorado Water Conservancy District	$112,000
Conduit Participants	$100,000
Previous studies (as allowed)	$140,000
CWCB Water Supply Reserve Account Grant	$200,000

The Arkansas Valley Conduit (Conduit) was incorporated as an original component of the Fryingpan-Arkansas Project. However, it has never been built due to an inability of the local constituents to pay 100% of the costs as required by the Bureau of Reclamation.

The Conduit is designed to bring a higher quality source of drinking water to the communities east of Pueblo. There has been an issue with water quality for these water providers since the inception of the Fryingpan-Arkansas Project. This water quality issue has heightened over the years as the condition of the river has degraded as well as the standards that are required of drinking water have been elevated to a point that many of the water providers in the lower valley are now out of compliance with these requirements. Currently 13 entities are under Active Enforcement Orders from the Colorado Department of Public Health.

A couple of water providers have installed Reverse-Osmosis (RO) plants to deal with the water quality issues. They are now finding themselves in violation of discharge permit requirements. The higher quality water from the Conduit will help these RO plants to reduce their discharge brine as well as reduce operating costs.

The lower valley sees this Conduit as an economic boost for their area as it is almost impossible to attract businesses and growth to the area without clean drinking water. Therefore, this Conduit may be an economic boom to the area as well as helping improve the way of life for this valley.

The Conduit will serve about 50,000 people in the valley. All of the areas served by the conduit fall below the 80% per Capita Income level.

Discussion:

The need for adequate quality drinking water supplies was identified in the Statewide Water Supply Initiative (SWSI) as an important need for the basin. The Arkansas Valley conduit was identified as a project or planning process that could address that needs of multiple entities and citizens. The activity if successful has the potential to benefit several communities that have limited financial resources. Funding from other sources is provided and there is strong community support for the project and a need to continue to work with the Federal Government to ensure the project remains a priority.

Issues/Additional Needs:

The application is unclear in terms of how the proposed study fits into the other activities that are needed to bring about successful implementation of the project. It is therefore difficult to assess the value and risk associated with approving the grant.

The application needs additional information describing how this design work fits with other design work it is described as “Pre-design Development Work”.
The scope of work needs additional detail explaining expected outcomes, logistics and how funding will bring about a successful project (see page 12 criteria and guidelines “scope of work”.
There is no budget and no schedule of activities and deliverables and it is unclear how the deliverables will be used to bring about successful implementation/construction of the Arkansas Valley Conduit.

Staff Recommendation:

The current level of detail in the application makes it extremely difficult to assess the benefit of this allocation of funds. While there is strong support for the activity and it addresses important needs it is unclear what the challenges are for the project once funding is provided. Nevertheless given the strong desires of the local community and strong support the staff recommends approval of up to $200,000.00 for the Predesign? for the Arkansas Valley Conduit. This approval is contingent on the resolution and additional information of the items identified in the issues/additional needs section.

All products, data and information developed as a result of this grant must be provided to 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.