

Water Supply Reserve Account – Grant and Loan Program
Water Activity Summary Sheet
November 19-20, 2013
Agenda Item 22(d)

Applicant: City of Grand Junction & Colorado River Water Conservation District

Water Activity Name: Energy Development Water Needs Assessment Update

Water Activity Purpose: Study (Municipal & Industrial)

County: Rio Blanco

River Basin: Colorado & Yampa/White

Water Source: Colorado River and tributaries

Amount Requested: \$25,000 from Colorado River Basin Account, and \$25,000 from the Yampa/White River Basin Account

Matching Funds: n/a

Staff Recommendation
Staff recommends approval of up to \$250,000 from the Colorado River Basin Account, and \$25,00 from the Yampa/White River Basin Account to help complete the project titled: Energy Development Water Needs Assessment Update.

Water Activity Summary: In light of the need to develop a Basin Implementation Plan, and that anecdotal information suggests actual water needs for natural gas development may be significantly higher than those stated in previous studies, and that Shell announced a pull-out from oil shale research activities in the Piceance Basin, there is a need to re-examine previous water needs estimates and use the most recent up to date information in the Basin Implementation Plans. Phase I of this endeavor will consist of a critical assessment of the previous water estimates by each sector and a determination of which sectors should be re-assessed. Phase II will be completing the actual assessments. This application requests funding for both Phase I & Phase II.

Threshold and Evaluation Criteria

The application meets all four Threshold Criteria.

Discussion:

Previous studies funded by CWCB WSRA grants preceding this request include a Phase I and Phase II Energy Development Water Needs Assessment, completed in 2008, and 2009, respectively. The Phase I study developed water use estimates for various sectors including coal, natural gas, oil shale, water use for power generation related to oil shale development, and domestic requirements for water stemming from population growth brought about by energy development. The focus of Phase II was assessing how the demands identified in Phase I could be met, and a re-examination of oil shale water needs.

Issues/Additional Needs:

No issues have been identified.

Staff Recommendation:

Staff recommends approval of up to \$25,000 from the Colorado River Basin Account, and \$25,000 from the Yampa/White River Basin Account to help complete the project titled: Energy Development Water Needs Assessment Update.

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 and Final Deliverable: 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. 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.

THE COLORADO BASIN ROUNDTABLE
C/O P.O. BOX 1120
GLENWOOD SPRINGS, COLORADO
81602

Oct. 28, 2013

Craig Godbout
Colorado Water Conservation Board
Water Supply Planning Section
1580 Logan Street, Suite 200
Denver CO 80203
 [\(303\) 866-3441, ext 3210](tel:(303)866-3441) (office)
 [\(970\) 218-9407](tel:(970)218-9407) (cell)
craig.godbout@state.co.us

Dear Craig:

The Colorado Basin Roundtable voted unanimously at its August 26, 2013, meeting to approve a Basin Account-Water Supply Reserve application to update our joint Colorado Basin-Yampa, White, Green Basin Energy Water Demand Study. The total request is \$50,000, to be split at \$25,000 each from the respective basin accounts.

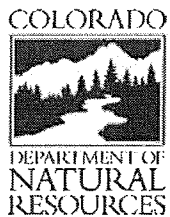
The two Roundtables reconstituted their joint Energy Water Demand Study Committee to reinvestigate this critical area of water demand as we learned that changes in drilling are causing more water to be used at each well. As the original study helped inform our SWSI 2010 gap analysis, we feel it is important to stay abreast of fast moving developments and what they mean for water supply planning.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jim Pokrandt", with a long, sweeping horizontal stroke extending to the right.

Jim Pokrandt, Chair, Colorado Basin Roundtable

Attachment: CFWE grant application



COLORADO WATER CONSERVATION BOARD
WATER SUPPLY RESERVE ACCOUNT
APPLICATION FORM



Energy Development Water Needs Assessment Update

Name of Water Activity/Project

Colorado River District and City of Grand Junction as fiscal agent for Colorado and Yampa/White Basin Roundtables

Name of Applicant

Colorado (\$25,000)
Yampa/White (\$25,000)

Amount from Statewide Account:

Amount from Basin Account(s):

Total WSRA Funds Requested:

\$50,000

Approving Basin Roundtable(s)

(If multiple basins specify amounts in parentheses.)

Application Content

Application Instructions	page 2
Part I – Description of the Applicant	page 3
Part II – Description of the Water Activity	page 5
Part III – Threshold and Evaluation Criteria	page 7
Part IV – Required Supporting Material	
Water Rights, Availability, and Sustainability	page 10
Related Studies	page 10
Signature Page	page 12

Required Exhibits

- A. Statement of Work, Budget, and Schedule
- B. Project Map
- C. As Needed (i.e. letters of support, photos, maps, etc.)

Appendices – Reference Material

- 1. Program Information
- 2. Insurance Requirements
- 3. WSRA Standard Contract Information (Required for Projects Over \$100,000)
- 4. W-9 Form (Required for All Projects Prior to Contracting)

Water Supply Reserve Account – Application Form
Revised December 2011

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 and approval is outlined in materials in Appendix 1.

Once approved by the local Basin Roundtable, the applicant should submit this application **with a detailed statement of work including budget and schedule as Exhibit A** to CWCB staff by the application deadline.

WSRA applications are due with the roundtable letter of support 60 calendar days prior to the bi-monthly Board meeting at which it will be considered. Board meetings are held in January, March, May, July, September, and November. Meeting details, including scheduled dates, agendas, etc. are posted on the CWCB website at: <http://cwcb.state.co.us> Applications to the WSRA Basin Account are considered at every board meeting, while applications to the WSRA Statewide Account are only considered at the March and September board meetings.

When completing this application, the applicant should refer to the WSRA Criteria and Guidelines available at: <http://cwcb.state.co.us/LoansGrants/water-supply-reserve-account-grants/Documents/WSRACriteriaGuidelines.pdf>

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:

Greg Johnson – WSRA Application
Colorado Water Conservation Board
1580 Logan Street, Suite 200
Denver, CO 80203
gregory.johnson@state.co.us

If you have questions or need additional assistance, please contact Greg Johnson at: 303-866-3441 x3249 or gregory.johnson@state.co.us.

Water Supply Reserve Account – Application Form
Revised December 2011

Part I. - Description of the Applicant (Project Sponsor or Owner);

1. Applicant Name(s):	City of Grand Junction	Colorado River District
Mailing address:	333 West Avenue, Bldg A Grand Junction, Colorado 81501	POB 1120 Glenwood Springs, CO 81602
Taxpayer ID#:	84-6000592	
Primary Contact:	Terry Franklin, Dan Birch	Position/Title: Utility Manager, Dep Mgr
Email:	terryf@gjcity.org, dbirch@crwcd.org	
Phone Numbers:	Cell: 970-270-2160, 970 -846-4128	Office: 970-244-1495
Alternate Contact:	Alesha Frederick	Position/Title: Business Support Spec
Email:	afrederick@crwcd.org	
Phone Numbers:	Cell:	Office: 970 945 8522 x210

2. Eligible entities for WSRA funds 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) – authorities, Title 32/special districts, (conservancy, conservation, and irrigation districts), and 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.

Water Supply Reserve Account – Application Form
Revised December 2011

3. Provide a brief description of your organization

Grand Junction: Municipal government operating a water utility as a TABOR Enterprise.

Colorado River Water Conservation District: Water conservation district established and operating pursuant to state statute.

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

City of Grand Junction will act as fiscal agent.

5. 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 link to this standard contract is included in Appendix 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.

6. 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.

Under TABOR, government enterprises may not receive more than 10 percent of their revenues from outside sources, excepting Federal grant proceeds. Acting as fiscal agent, proceeds from the CWCB are simply funneled through the City of Grand Junction's water utility enterprise. The City neither directs nor controls how the funds are spent and neither does the City directly benefit from the funding. As such, the proceeds from the CWCB may not constitute

Water Supply Reserve Account – Application Form
Revised December 2011

TABOR government enterprise revenues. Nonetheless, the City of Grand Junction will be able to receive the funds within the 10 percent limit.

Water Supply Reserve Account – Application Form
Revised December 2011

Part II. - Description of the Water Activity/Project

1. What is the primary purpose of this grant application? (Please check only one)

☐ Nonconsumptive (Environmental or Recreational)

☐ Agricultural

☒ Municipal/Industrial

☐ Needs Assessment

☐ Education

☐ Other

Explain:

2. If you feel this project addresses multiple purposes please explain.

3. Is this project primarily a study or implementation of a water activity/project? (Please check only one)

☒ Study

☐ Implementation

4. To catalog measurable results achieved with WSRA funds can you provide any of the following numbers?

New Storage Created (acre-feet)

New Annual Water Supplies Developed, Consumptive or Nonconsumptive (acre-feet)

Existing Storage Preserved or Enhanced (acre-feet)

Length of Stream Restored or Protected (linear feet)

Length of Pipe/Canal Built or Improved (linear feet)

Efficiency Savings (acre-feet/year OR dollars/year – **circle one**)

Area of Restored or Preserved Habitat (acres)

N/A Other -- Explain:

Water Supply Reserve Account – Application Form
Revised December 2011

4. To help us map WSRA projects please include a map (Exhibit B) and provide the general coordinates below:

Latitude:

Longitude:

5. 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. A full **Statement of Work** with a detailed budget and schedule is required as **Exhibit A** of this application.

See Exhibit A – Scope of Work, which also includes a statement of purpose and need.

Water Supply Reserve Account – Application Form
Revised December 2011

Part III. – Threshold and Evaluation Criteria

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

Studying water needs related to energy development and will not restrict the ability of water right holders to enjoy full use of their water rights.

- 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.

Request was approved unanimously by both the Colorado and Yampa/White Basin Roundtables.

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.

Water Supply Reserve Account – Application Form

Revised December 2011

- 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 study will constitute a portion of each basin's water needs assessment required under HB 05-1177 and will also be used to help formulate both the Colorado and Yampa/White's Basin Implementation Plan.

- 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. Statewide requests must also include a minimum match of **5 percent** of the total grant amount from Basin Funds. 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 CWCB. Please describe the source(s) of matching funds. (NOTE: These matching funds should also be reflected in your Detailed Budget in **Exhibit A** of this application)

Not applicable. Solely basin funds are being requested.

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.

Water Supply Reserve Account – Application Form

Revised December 2011

2. For Applications that include a request for funds from the **Statewide Account**, describe how the water activity/project meets all applicable **Evaluation Criteria**. (Detailed in Part 3 of the Water Supply Reserve Account Criteria and Guidelines and repeated below.) Projects will be assessed on how well they meet the Evaluation Criteria. **Please attach additional pages as necessary.**

Evaluation Criteria – the following criteria will be utilized to further evaluate the merits of the water activity proposed for funding from the Statewide Account. In evaluation of proposed water activities, preference will be given to projects that meet one or more criteria from each of the three “tiers” or categories. Each “tier” is grouped in level of importance. For instance, projects that meet Tier 1 criteria will outweigh projects that only meet Tier 3 criteria. WSRA grant requests for projects that may qualify for loans through the CWCB loan program will receive preference in the Statewide Evaluation Criteria if the grant request is part of a CWCB loan/WSRA grant package. For these CWCB loan/WSRA grant packages, the applicant must have a CWCB loan/WSRA grant ratio of 1:1 or higher. Preference will be given to those with a higher loan/grant ratio.

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).
- 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.
- 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.

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).
- e. The amount of matching funds provided by the applicant via direct contributions, demonstrable in-kind contributions, and/or other sources demonstrates a significant & appropriate commitment to the project.

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

- f. The water activity helps sustain agriculture & open space, or meets environmental or recreational needs.
- g. 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.
- h. The water activity assists in the recovery of threatened and endangered wildlife species or Colorado State species of concern.
- i. The water activity provides a high level of benefit to Colorado in relationship to the amount of funds requested.
- j. The water activity is complimentary to or assists in the implementation of other CWCB programs.

Water Supply Reserve Account – Application Form

Revised December 2011

Continued: Explanation of how the water activity/project meets all applicable **Evaluation Criteria**.

Please attach additional pages as necessary.

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

- *Recognizing that energy development water needs do not conveniently end at basin boundaries, the energy study is a collaborative effort between the Yampa/White and Colorado Basin Roundtables.*
- *To our knowledge this is the first comprehensive examination of energy water needs in the region and not only the direct needs of all the various sectors but the indirect needs from population growth and electrical power generation.*

Tier 2: Facilitating Water Activity Implementation

- *This study updates earlier water needs assessments which were funded by a WSRA grant. Without another grant there is no other source of funding the update and without an updated needs assessment the validity of the basin needs assessment and the Basin Implementation Plan will be called into question.*

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

- *If the water needs for energy development are not adequately planned for the result will be conversion of agricultural water, with its attendant impacts.*

Water Supply Reserve Account – Application Form

Revised December 2011

Part IV. – Required Supporting Material

1. **Water Rights, Availability, and Sustainability** – This information is needed to assess the viability of the water project or activity. Please provide a description of the water supply source to be utilized, or the water body to be affected by, the water activity. This should include a description of applicable water rights, and water rights issues, and the name/location of water bodies affected by the water activity.

Not applicable.

2. Please provide a brief narrative of any related studies or permitting issues.

Not applicable.

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

The statement of work will form the basis for the contract between the Applicant and the State of Colorado. In short, the Applicant is agreeing to undertake the work for the compensation outlined in the statement of work and budget, and in return, the State of Colorado is receiving the deliverables/products specified. **Please note that costs incurred prior to execution of a contract or purchase order are not subject to reimbursement.** All WSRA funds are disbursed on a reimbursement basis after review invoices and appropriate backup material.

Please provide a detailed statement of work using the template in Exhibit A. Additional sections or modifications may be included as necessary. Please define all acronyms and include page numbers.

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.


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.

Water Supply Reserve Account – Application Form
Revised December 2011

The above statements are true to the best of my knowledge:

Signature of Applicant:

Terry Franklin 

Print Applicant's Name:

Terry Franklin *TAMIE R. RIZCH*

Project Title:

Energy Development Water Needs Assessment Update

Return an electronic version (hardcopy may also be submitted) of this application to:

Greg Johnson – WSRA Application
Colorado Water Conservation Board
1580 Logan Street, Suite 200
Denver, CO 80203
gregory.johnson@state.co.us

Exhibit A – Scope of Work

**Colorado River/Yampa-White River Basin Roundtables
Energy Development Water Needs Assessment Update**

October 23, 2013

Purpose and Need

In 2007 as part of the mandate for basin's to assess their water needs pursuant to HB 05-1177, the Colorado River Basin Roundtable and the Yampa/White River Basin Roundtable undertook a joint study to estimate water needs arising from energy development in their respective basins. The Phase I study, which was completed in September, 2008, developed water use estimates for the various sectors including coal, natural gas, oil shale, water use for power generation related to oil shale development, and domestic requirements for water stemming from population growth brought about by energy development.

In 2009 work on Phase II of the study commenced. The focus of Phase II was assessing how the demands from Phase I could be met. Subsequent to Phase I, industry representatives were critical of the Phase I estimates for oil shale, so Phase II also re-examined oil shale water needs. The Phase II study was finalized in January, 2012.

Subsequent to their completion, circumstances have arisen that call into question certain conclusions reached for water needs identified in the reports:

- Anecdotal information suggests actual water needs for natural gas development may be significantly higher – perhaps by an order of magnitude – than those stated in the studies;
- In September, 2013, Shell announced they were pulling-out from the oil shale research activities in the Piceance Basin.

In light of the fact that basins will be developing their Basin Implementation Plans and these will re-state water needs for the basin, there is a need to re-examine the previous estimates and use the most up to date information for the Basin Implementation Plans.

As of this date a consultant has not been selected to perform the update nor has a detailed scope of work or budget been prepared. Generally though, we anticipate the update will be broken into two phases. Phase I will consist of a critical assessment of the previous water estimates by each sector and a determination of which sectors should be re-assessed. Phase II will be completing the actual assessments.

The estimated budget for Phase I is \$10,000 and the Phase II budget is estimated not to exceed \$40,000.

It is anticipated that both phases will be completed by June, 2014, assuming a November, 2013 start.

Funding is requested for \$25,000 each from the two basin roundtables. The Yampa-White Roundtable

Water Supply Reserve Account – Application Form
Revised December 2011

approved the funding on October 24, 2013 and the Colorado Roundtable approved funding in August, 2013.