

Water Supply Reserve Account – Grant and Loan Program
Water Activity Summary Sheet
January 27-28 2014
Agenda Item 31(c)

Applicant: Town of Paonia

Water Activity Name: Raw Water Pipeline

Water Activity Purpose: Municipal and Industrial

County: Delta

River Basin: Gunnison

Water Source: Groundwater

Amount Requested: \$310,000 from the Statewide Account, and \$75,000 from the Gunnison Basin Account, (total request of \$385,000)

Matching Funds: \$40,000 cash match, Town of Paonia (10.3% of total grant amount); \$75,000 Gunnison Basin Account (19.4% of total grant amount: Total Cash Match = 29.7% of total grant amount)

Staff Recommendation:
Staff recommends approval of up to \$310,000 from the Statewide Account, and \$75,000 from the Gunnison Basin Account (total request of \$385,000) for the project titled: Town of Paonia - Raw Water Pipeline.

Water Activity Summary: WSRA funds will be expended to construct approximately 3,320 lineal feet of 6-inch raw water pipeline connecting existing sources of raw groundwater to an existing water treatment plant (Lamborn) that will be undergoing substantial improvements in order to come into compliance with the Colorado Department of Public Health and Environment requirements. The proposed pipeline is one component in a comprehensive effort (\$5.5 million total project costs) targeted at bringing the Town of Paonia's water system into compliance with CDPHE's directive. Constructing the proposed pipeline during the same time period as the other components (upgrade to existing upper water treatment plant consisting of installation of a new membrane filtration treatment technology, construction of an additional 2 million gallon treated water storage tank, and rehabilitation of an existing 500,000 gallon finished water storage tank) will realize a cost savings due to economies of scale and scope. More specifically, WSRA grant approval will provide funds for: administrative and legal, easement and right-of-way, engineering, construction, bidding, construction oversight, and contingency expenses.

The Town of Paonia's water system currently serves its 1,451 residents and approximately 1,849 residents of the surrounding rural area via 26 private water companies. Paonia's public water system can basically be described as two separate systems with only limited interfaces. Raw water is collected from multiple springs located above Town, and conveyed through a series of pipelines to one of two (2) water treatment plants. Treatment plants are separated by location and elevation, and are commonly referred to as the "upper plant" (Lamborn) and the "lower plant" by nature of relative elevations and their respective raw groundwater sources. As such, there is currently no

interconnection between raw water supplies and transmission mains that convey water to one or the other treatment plant. Each plant's water supply is independent of the other, and provides treated water to their respective service area. The lack of redundancy and back-up, and the inability to divert raw water supplies to either treatment plant based on raw water quality or quantity can be problematic in flexible management and operation of the overall water system. Furthermore, the proposed raw water pipeline satisfies CDPHE's *Design Criteria for Public Water Systems* technical and physical criteria for redundancy and back-up capacity for all critical components of a water system.

The lower treatment plant source water is classified as Ground Water Under Direct Influence of surface water, while historically the upper treatment plant source water was classified as Ground Water, prior to recent reclassification by the Colorado Department of Public Health and Environment to Ground Water Under Direct Influence of surface water. Now that all raw water supplies have the same classification and treatment requirements, it is no longer necessary to maintain separate water supplies to each plant.

The proposed raw waterline extension from the Reynolds Springs pipeline to the upper plant (in addition to the existing pipeline that provides raw water to the lower treatment plant) would have multiple benefits, since the Reynolds Spring pipeline provides a good supply of water to the lower treatment plant, and is within close proximity to the upper treatment plant.

The primary benefit would be improved flexibility and reliability in operation. It allows Operators to select the highest quality water supply or combination thereof, or to supplement the rate of flow from the springs supply(s) to match or exceed treatment capacity. This would help to satisfy seasonal water demands to maintain normal full water levels at both treatment plant storage tanks. The additional raw water supply would also optimize utilization of developed supplies to the extent possible. This additional source water at the upper plant will provide a more reliable system with additional water year round for improved flexibility in operations, system management, and fire protection capabilities. The proposed filtration upgrade at the upper plant will also include a wastewater recovery system for water conservation purposes.

Threshold and Evaluation Criteria:

The application meets all four Threshold Criteria.

Funding/Match Summary:

	<u>Cash (% of Total Project Costs)</u>	<u>Total (% of Total Project Costs)</u>
WSRA Gunnison Basin Account	\$75,000 (17.6%)	\$75,000 (17.6%)
WSRA Statewide Account	\$310,000 (n/a)	\$310,000 (n/a)
Town of Paonia	\$40,000 (9.4%)	\$40,000 (9.4%)
Total Project Costs	\$425,000	\$425,000

The application articulates how the project meets the *Evaluation Criteria* as summarized below:

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

This application helps to implement projects and processes identified in SWSI that addresses the gap between current and future needs of Paonia and its surrounding area. Specifically, this project will address multiple interests as the Town supplies water to 26 individual water companies. By addressing the needs of the applicant, the needs of the water companies are also addressed. The water companies are cooperative, and tend to collaborate with the Town on potable water issues. Water companies restrict the use of potable water for outside use and this cooperation enables the Town to meet future growth needs. The 2010 SWSI reported that “The West Slope of Colorado will grow at the fastest rate of any area in Colorado between now and 2050. Population on the West Slope is expected to more than double in the next 40 years, and growth rates in some areas on the West Slope could be as high as 240 percent.” By addressing residential water needs, the Town of Paonia helps to close the gap between available water supplies and future needs. Additionally, the flexibility and efficiencies enabled by the moving of these pre-1922 water rights to the upper system, allows for spillage in excess of current needs. This spillage then becomes available for downstream agricultural rights/uses.

Tier 2: Facilitating Water Activity Implementation:

The funding received will allow Paonia to move a source water (Reynolds Springs) transmission line to feed into the upgraded water treatment plant. This funding is essential for this first piece of the overall project as it puts in place system flexibility prior to the CDPHE required plant upgrade. Existing springs have been reclassified by CDPHE as GWUDI. The reclassification is directly influencing the immediate need for the water treatment plant upgrade. By moving the transmission line, continuous water flow will be maintained more easily, allowing for more flexibility within the system. The Reynolds Spring is in close proximity to the upper treatment plant and is a logical choice to provide additional water to the upper plant. Over the past years, the Town has been improving flow monitoring devices and mapping the raw water transmission lines in an effort to primarily document and compile accurate flow data. The Town infrequently experiences difficulty in maintaining storage levels during years of low snow pack or drought conditions during the summer months. Improved flow monitoring will also help in assessing the need for additional raw water storage. The Town has experienced frequent waterline breaks within the upper treatment distribution lines. Seven occurrences happened during the first five months of 2012, taking an average of three days to repair, causing substantial strain on raw water supplies, the treatment system and finished water storage. In addition, because the location of the plant and the moving of the waterline are in an area that has a shortened construction season due to elevation, it is both prudent and optimal for mobilization at the same time. Delays in any part of the overall project will mean additional costs in an already expensive project.

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

2010 SWSI also reports that passive conservation will save approximately 150,000AFY by 2050. Another criteria identified in SWSI calls for the developing new storage to firm existing and future right and capture consumable supplies for later use. Because the proposed activity will address flexibility, efficiency, and redundancy within the Town’s water system, the project does indirectly help the State meet compact goals and obligations. The proposed new treatment plant

will also include a backwash recovery system that reprocesses waste flows into drinking water. Again, the flexibility and efficiencies achieved in the raw water component of this project, allows for spillage to be utilized by downstream agricultural rights/uses. In terms of level of benefits, because Paonia is asking for \$385,000 from the Gunnison Basin Roundtable and the CWCB, out of a \$5.4 million dollar project, the bang is maximized for a comparatively minimal buck. This project will also address the foreseeable needs of Paonia, making the money received compliment other water project loan programs administered at the State level.

Discussion:

No additional discussion is needed.

Issues/Additional Needs:

No additional issues or needs were identified.

Staff Recommendation:

Staff recommends approval of up to \$310,000 from the Statewide Account, and \$75,000 from the Gunnison Basin Account (total request of \$385,000) for project titled: Town of Paonia Raw Water Pipeline.

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 Gunnison Basin Roundtable
501 Palmer Street
Delta, CO 81416

December 9, 2013

Mr. Craig Godbout
Intrastate Water Management and Development Section
COLORADO WATER CONSERVATION BOARD
1580 Logan Street, Suite 600
Denver, CO 80203

Re: Revised Grant Request from the Water Supply Reserve Account
Town of Paonia
Lamborn Water Treatment Plant Upgrade

Dear Mr. Godbout:

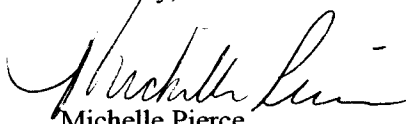
This letter is presented to advise you that the revised grant application submitted by the Town of Paonia for \$185,000.00 from Basin Account funds and \$200,000 in Statewide Account funds from the Water Supply Reserve Account for the Lamborn Water Treatment Plant Upgrade project was reviewed by the Gunnison Basin Roundtable and its Project Screening Committee.

After much discussion regarding the diminishing balance in our Basin Account fund and the fact that this project supports certain statewide goals, the Roundtable members unanimously approved a grant of \$75,000.00 from Basin Account Funds and \$310,000.00 from Statewide Account Funds during our meeting on December 2, 2013.

This water activity meets the provisions of Section 37-75-104(2), Colorado Revised Statutes. The requirements/language from the statute is provided in Part 3 of the Criteria and Guidelines.

This project fulfills needs identified in the Gunnison Basin Roundtable needs assessment, particularly the provision of Municipal Water Supply, meeting the needs of small rural providers, and by protecting pre-1922 water rights.

Sincerely,


Michelle Pierce
Chair

cc: Tom Alvey (e-mail)



COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT APPLICATION FORM

Lamborn Water Treatment Plant Upgrade

Name of Water Activity/Project

Town of Paonia

Name of Applicant

Gunnison Basin Roundtable

Amount from Statewide Account:

200,000

Amount from Basin Account(s):

185,000

Total WSRA Funds Requested:

385,000

Approving Basin Roundtable(s)

(If multiple basins specify amounts in parentheses.)

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Part IV – Required Supporting Material

Water Rights, Availability, and Sustainability

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Related Studies

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Signature Page

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Required Exhibits

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

Appendices – Reference Material

- Program Information
- Insurance Requirements
- WSRA Standard Contract Information (Required for Projects Over \$100,000)
- 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 (CWCBC). 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 CWCBC 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 CWCBC 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.

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

1.	Applicant Name(s):	Town of Paonia		
	Mailing address:	PO Box 460 Paonia, CO 81428		
	Taxpayer ID#:	EIN 84-6000709		
	Primary Contact:	Barbara Peterson	Position/Title:	Town Clerk
	Email:	townofpaonia@tds.net		
	Phone Numbers:	Cell:	Office:	970/527-4101
	Alternate Contact:	Neal Schwieterman	Position/Title:	Mayor
	Email:	paoniamayor@tds.net		
	Phone Numbers:	Cell:	Office:	970/527-4101

2. Eligible entities for WSRA funds include the following. What type of entity is the Applicant?

<input checked="" type="checkbox"/>	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.
<input type="checkbox"/>	Public (Districts) – authorities, Title 32/special districts, (conservancy, conservation, and irrigation districts), and water activity enterprises.
<input type="checkbox"/>	Private Incorporated – mutual ditch companies, homeowners associations, corporations.
<input type="checkbox"/>	Private individuals, partnerships, and sole proprietors are eligible for funding from the Basin Accounts but not for funding from the Statewide Account.
<input type="checkbox"/>	Non-governmental organizations – broadly defined as any organization that is not part of the government.

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3. Provide a brief description of your organization

The Town of Paonia, a statutory municipality, was incorporated in 1902. Paonia, and its surrounding area, is an agricultural region growing various fruits; hosting many organic farms. Paonia also has 3 coal mines within 10 miles of town proper. This vibrant rural community is a focal point of back roads and trails leading into the forest and wilderness, attracting hiking and bicycle enthusiasts. Hunters outfit themselves in Paonia before setting out to get their elk, deer and bear. Few places offer such a wonderful combination of climate, scenery, lifestyle and recreation.

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

Contracting entity is the same as the Applicant.

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.

<input checked="" type="checkbox"/>	The Applicant will be able to contract with the CWCB using the Standard Contract
<input type="checkbox"/>	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 Colorado Taxpayer 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.

Paonia has been de-Bruced from grant monies since 1995.

Part II. - Description of the Water Activity/Project

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

<input type="checkbox"/>	Nonconsumptive (Environmental or Recreational)
<input type="checkbox"/>	Agricultural
<input checked="" type="checkbox"/>	Municipal/Industrial
<input type="checkbox"/>	Needs Assessment
<input type="checkbox"/>	Education

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Other

Explain:

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

The main purpose of the treatment plant upgrade is to come into compliance with CDPHE. In addition, CDPHE specifies technical and physical criteria for water treatment processes. A common requirement is redundancy and back-up for all critical components of the system to provide continuous and uninterrupted service to customers while providing flexibility in operating the system efficiently. With both treatment plants now classified as GWUNDI, maintaining separate raw water supplies to each plant is no longer as critical. The additional raw water proposed to supply the upper system, will allow Operators to optimize water supply to treatment capacity in conjunction with seasonal needs.

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)

3,320

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)

Other -- Explain:

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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.

Paonia has a fairly complex water system comprising of both upper and lower water treatment plants fed by approximately 23-26 springs. The combined system services the Town of Paonia and surrounding rural areas including 26 private water companies. The system is operated and managed under CDPHE PWSID No CO00115601. The Town of Paonia has a population of 1451, according to 2010 Census figures. The water system provides service to approximately 3300 persons overall. In 2009, the Town secured funding to replace the lower water treatment plant and that project was completed in 2012. Due to a CDPHE reclassification of springs, the upper treatment plant now needs an upgrade. The goal is to continue to provide quality potable water by eliminating unsafe elements, and increasing the flexibility and redundancy of the water treatment system.

The overall project consists of replacement/upgrade to the upper water treatment system; the addition of 2 million gallons of treated water storage and the relocation of a raw water supply line coming from 2 springs currently feeding the lower system to feed the upper system. **This application only addresses the raw water supply line.** The Town has received \$1 million of grant funding from DOLA as well as firm commitment from the CO Water Resources and Power Development Authority for \$847,920 in principle forgiveness, as well as a low-interest loan for other aspects of the overall project. The overall project is estimated at \$5.4 million dollars. A detailed budget is provided later in this application. This is a multi-source funded project utilizing multiple funding agencies to accomplish a very large undertaking.

This specific project consists of moving a pipeline from 2 springs, Upper Reynolds Creek-1899 decree, and Old Original-1889 decree, currently feeding the lower system to the upper system. This application is for the project administration, legal expenses, project completion of moving of a raw/source water pipeline. This also includes easement and right-of-way mitigation and engineering expenses, construction, bidding process, construction oversight and contingency funds. See attached Table 1 detailed budget. Work is scheduled beginning approximately March 2014 and finishing May 2014, depending upon weather for mobilization.

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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

The water activity within Paonia's water system is completely owned by the Town of Paonia. All of the water rights specifically allocated in this application (Upper Reynolds and Old Original) are pre-1922, making Paonia exempt from Colorado River compact calls. In the event of a compact call, the moving of the raw water lines to the upper system, allows Paonia to feed both the upper and lower systems with these pre-1922 water rights; thereby making Paonia more self-reliant in the event of a compact call. The Town owns other junior water rights that are subject to compact calls, but by moving these two (2) pre-1922 water rights, it would allow the Town to serve either the upper or lower system (due to the increased flexibility) with these rights, most likely in conjunction with severe water restrictions. In this scenario, Paonia would be self-sufficient with these pre-1922 water rights, thereby providing relief to the entire state in the event of compact calls. None of the activities proposed shall diminish, impair or cause injury to any property, or water rights held by another person/entity. An easement is being negotiated with the DOW to move the pipeline and all stipulations shall be adhered to by the Town.

- 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 application is being submitted to the Gunnison Basin Roundtable for review. A copy of any findings shall be attached to this application.

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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- 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 rights are solely owned by the town. The SWSI reports for both the State and the Gunnison Basin Roundtable indicate priorities to address aging infrastructure and ensure adequate water for future needs. The Town's main priority within those designated priorities, is to continue to provide not only adequate drinking water, but to come into compliance with CDPHE (as mandated) and then provide redundancy and flexibility within the system. Because Paonia's source water is from mountain springs, there are occasions where springs do not produce as anticipated, or other natural occurrences happen, making the redundancy and flexibility a priority. By moving these reliable pre-1922 water rights to the upper system, Paonia allows for accommodation of growth, which is currently prohibited by periodic water shortages feeding the upper system. Again, flexibility is attained by moving the water rights because then the upper system may feed the lower system by gravity, which is currently not feasible, making the spring water available for use on either system.

This application is being submitted to the Gunnison Basin Roundtable for review. A copy of any findings shall be attached to this application.

- 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)

This source water project is budgeted as follows:

<u>Expenses</u>		<u>Funding Sources</u>	
Admin/Legal	1,560	Town of Paonia Local Match	40,000
Land/Structure/ROW/Appraisals	10,000	Gunnison Basin Roundtable	185,000
Architect/Engineering	24,390	CWCB	200,000
Construction	312,730		
Bidding and Award	1,410	TOTAL	420,910
Construction Oversight/Contract Admin	3,910		
Construction Contingency	46,910		
Admin/Legal/Eng Contingency	20,000		
TOTAL	420,910		

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A complete and detailed budget is attached to this application. The Town match of \$40,000 for this specific aspect of the project is provided out of the overall Town match of \$500,000 as indicated in the overall project budget shown below. The Town has secured \$1,000,000 of a Department of Local Affairs (DOLA) Energy Mineral and Impact Assistance Program (EMIAP) grant match and firm commitment from Colorado Water Development and Power Authority (CO WRPA) for \$847,920 in principle forgiveness in addition to a low-interest loan from CO WRPA for the remainder of the overall project in the amount of \$4,246,820.

The entire project is budgeted as follows:

<u>Expenses</u>		<u>Funding Sources</u>	
Admin/Legal	11,910	DOLA EMIAP Grant	1,000,000
Land/Structure/ROW/Appraisals	20,350	CO WRPA Loan	4,246,820
Architect/Engineering	298,900	CO WRPA Prin Forgiveness	847,920
Inspections	55,510	CWCB	200,000
Site Work/Demo & Removal	239,350	Gunnison Basin Roundtable	185,000
Construction	3,628,610	Town of Paonia Local Match	500,000
Equipment	815,000		
Contingency	666,540		
		TOTAL	6,979,740
TOTAL	5,496,820		

***The Funding Sources total is larger than the Project Total because funding requests are rarely awarded at 100%. Any grant/principle forgiveness funds awarded shall be subtracted from the WRPA Grant/Loan request. Budget projections are as of today: October 28, 2013.

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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.

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

Please attach additional pages as necessary.

Tier I – This application helps to implement projects and processes identified in SWSI that addresses the gap between current and future needs of Paonia and its surrounding area. Specifically, this project will address multiple interests as the Town supplies water to 26 individual water companies. By addressing the needs of the applicant, the needs of the water companies are also addressed. The water companies are cooperative, and tend to collaborate with the Town on potable water issues. Water companies restrict the use of potable water for outside use and this cooperation enables the Town to meet future growth needs. The 2010 SWSI reported that “The West Slope of Colorado will grow at the fastest rate of any area in Colorado between now and 2050. Population on the West Slope is expected to more than double in the next 40 years, and growth rates in some areas on the West Slope could be as high as 240 percent.” By addressing residential water needs, the Town of Paonia helps to close the gap between available water supplies and future needs. Additionally, the flexibility and efficiencies enabled by the moving of these pre-1922 water rights to the upper system, allows for spillage in excess of current needs. This spillage then becomes available for downstream agricultural rights/uses..

Tier II - The funding received will allow Paonia to move a source water (Reynolds Springs) transmission line to feed into the upgraded water treatment plant. This funding is essential for this first piece of the overall project as it puts in place system flexibility prior to the CDPHE required plant upgrade. Existing springs have been reclassified by CDPHE as GWUDI. The reclassification is directly influencing the immediate need for the water treatment plant upgrade. By moving the transmission line, continuous water flow will be maintained more easily, allowing for more flexibility within the system. The Reynolds Spring is in close proximity to the upper treatment plant and is a logical choice to provide additional water to the upper plant. Over the past years, the Town has been improving flow monitoring devices and mapping the raw water transmission lines in an effort to primarily document and compile accurate flow data. The Town infrequently experiences difficulty in maintaining storage levels during years of low snow pack or drought conditions during the summer months. Improved flow monitoring will also help in assessing the need for additional raw water storage. The Town has experienced frequent waterline breaks within the upper treatment distribution lines. Seven occurrences happened during the first five months of 2012, taking an average of three days to repair, causing substantial strain on raw water supplies, the treatment system and finished water storage. In addition, because the location of the plant and the moving of the waterline are in an area that has a shortened construction season due to elevation, it is both prudent and optimal for mobilization at the same time. Delays in any part of the overall project will mean additional costs in an already expensive project.

Tier III – 2010 SWSI also reports that passive conservation will save approximately 150,000AFY by 2050. Another criteria identified in SWSI calls for the developing new storage to firm existing and future right and capture consumable supplies for later use. Because the proposed activity will address flexibility, efficiency, and redundancy within the Town’s water sytem, the project does indirectly help the State meet compact goals and obligations. The proposed new treatment plant will also include a backwash recovery system that reprocesses waste flows into drinking water. Again, the flexibility and efficiencies achieved in the raw water component of this project, allows for spillage to be utilized by downstream agricultural rights/uses. In terms of level of benefits, because Paonia is asking for \$385,000 from the Gunnison Basin Roundtable and the CWCB, out of a \$5.4 million dollar prjoect, the bang is maximized for a comparatively minimal buck. This project will also address the foreseeable needs of Paonia, making the money received compliment other water project loan programs administered at the State level.

Water Supply Reserve Account – Application Form

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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.

Town of Paonia owns all water rights affected by this application. A raw water map is being provided as part of the application.

2. Please provide a brief narrative of any related studies or permitting issues.
 - 1) 2012 Consumer Confidence Report – annual water quality report. The Town had no reported violations of parameters sampled.
 - 2) Source Water Protection Plan – Developed in conjunction with Colorado Rural Water Association and finalized to the State in November 2010. Participants included representatives from USFS, CO Division of Water Resources, operators and managers of the Town of Paonia, local citizens and local ranch/agricultural water users.
 - 3) Lower Water Treatment Plant Upgrade – WestWater Engineering provided four Technical Memorandums to address phased approaches to resolving critical water issues. The report documents the process of water supply planning and studies completed for the Town of Paonia.

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

Statement of Work: In an effort to optimize utilization of developed supplies, the Reynolds Springs transmission line is being extended to convey raw water to the Lamborn Water Treatment Plant (upper treatment system). The new pipeline will cross private property and require the Town to secure temporary construction and a perpetual easement from the affected property owner. These actions are currently in progress via the Town attorney. This project consists of moving a pipeline that currently feeds the lower system to the upper system. This application is for the moving of a raw/source water pipeline, easement mitigation and engineering expenses. See attached Table 1 detailed budget. Work is scheduled beginning approximately March 2014 and finishing May 2014, depending upon weather for mobilization.

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.

Water Supply Reserve Account – Application Form

Revised December 2011

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

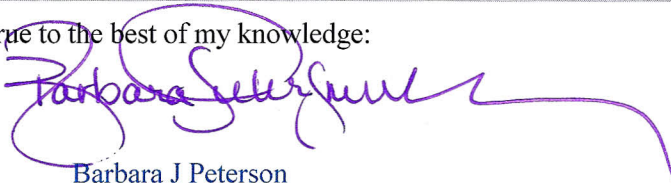
Payment will be made based on actual expenditures and invoicing by the applicant. Invoices from any other entity (i.e. subcontractors) cannot be processed by the State. The request for payment must include a description of the work accomplished by major task, and estimate of the percent completion for 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:



Print Applicant's Name:

Barbara J Peterson

Project Title:

Lamborn Water Treatment Plant Upgrade

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
Statement of Work

WATER ACTIVITY NAME – Lamborn Water Treatment Plant Upgrade

GRANT RECIPIENT –Town of Paonia

FUNDING SOURCE –Water Supply Reserve Account

INTRODUCTION AND BACKGROUND

Provide a brief description of the project. (Please limit to **no more than 200 words**; this will be used to inform reviewers and the public about your proposal)

This specific project consists of a newly constructed pipeline to connect 2 springs, Upper Reynolds Creek-1899 decree, and Old Original-1889 decree, currently feeding the lower system to the upper system. This application is for the project administration, legal expenses, project completion of moving of a raw/source water pipeline. This also includes easement and right-of-way mitigation and engineering expenses, construction, bidding process, construction oversight and contingency funds. See attached Table 1 detailed budget. Work is scheduled beginning approximately March 2014 and finishing May 2014, depending upon weather for mobilization.

OBJECTIVES

List the objectives of the project

To construct a new pipeline for Pre-1922 water decrees to now supply the Lamborn Water Treatment Plant (upper system) to increase flexibility and redundancy within the entire water system by May 31, 2014.

TASKS

Provide a detailed description of each task using the following format

TASK 1 – Admin/Legal

Description of Task: Fill out, submit and file all appropriate paperwork for grant applications. Fill out, submit and file all appropriate paperwork for easement. Have attorney review all agreements and amend as necessary. Board of Trustees to approve of any agreement/contract necessary for the project.

Method/Procedure: Using a Word computer program, I employed methods commonly known as typing, “cut and paste”, and saving. For electronic submittals, I utilized the electronic mail service program called Microsoft Outlook to send electronic correspondence to appropriate personnel. Once paperwork is finalized, the Board of Trustees shall review in a regularly scheduled meeting for a formal vote of acceptance. Board review will require some photocopying and verbal explanations.

Deliverable: Executed agreements and contracts allowing the project to commence.

TASK 2 – Land/Structure/ROW/Appraisals

Description of Task: Coordinate and execute easement agreements with Colorado Department of Parks and Wildlife and private property owner.

Method/Procedure: Engineer to direct surveyor to survey the proposed area for legal descriptions for easement agreements. Execution of agreements to be approved by all appropriate parties. Board of Trustees approval shall require a vote at a regularly scheduled meeting.

Deliverable: Easement agreements that allow the project to commence.

TASK 3 – Architect/Engineering

Description of Task: Contracted engineer shall provide all necessary calculations/drawings/reports ensuring connectivity to new treatment plant meets all applicable state and federal guidelines for safe drinking water.

Method/Procedure: Evaluate and assess all topography that the new water line will traverse, pipe gauge and other necessary components for engineering calculations. The new transmission line will generally follow a direct straight line alignment from the connection to the upper treatment plant, requiring pressure reducing valves at each connection point to equalize pressure. A detailed survey should confirm relative elevations at air vents along the line. Actual design parameters to be established. Based on calculations, create drawings and written plans for installation

Deliverable: Written drawings and plans for installation of new waterline.

TASK 4: Bidding and Award

Description of Task: To advertise and receive competitive bids for construction of new waterline.

Method/Procedure: Advertise in paper of record and any other publication deemed desirous for a minimum of two weeks. Sealed bids to be opened by a selection committee for a final award by the Board of Trustees at a regularly scheduled meeting.

Deliverable: Executed bid award.

TASK 5: Construction

Description of Task: Construct new water line to Lamborn Treatment Water Plant.

Method/Procedure: Construction to adhere to all engineered drawings and plans in accordance with state and federal laws. The ROW shall be cleared, then trenching and excavation. After land is trenched and excavated, the pipe shall be laid and connected to the other supply line at the lower end and the upper water treatment plant at the other end. Backfilling will reclaim the area with reseeding and other landscape mitigations performed as necessary.

Deliverable: New water supply line to Lamborn Water Treatment Plant.

TASK 6: Construction Oversight/Contract Administration

Description of Task: Person(s) required to ensure that construction is completed in accordance with engineered designs and/or that all paperwork directly related to the project is complied and filed in accordance with executed contract stipulations.

Method/Procedure: Person(s) responsible for oversight shall physically view and approve installation process and end deliverable for compliance. Person(s) responsible for contract administration shall physically view, submit and file all necessary paperwork in accordance with executed contract.

Deliverable: Successful grant reimbursement based on successful water line built.

TASK 7: Construction Contingency

Description of Task: Utilize contingency funds if necessary for payment of services that were either not anticipated or actual costs exceed budgeted amounts.

Method/Procedure: Review budget amount and actual costs and supplement difference with contingency funds.

Deliverable: Invoices paid in full.

TASK 8: Admin/Legal/Engineering Contingency

Description of Task: Utilize contingency funds if necessary for payment of services that were either not anticipated or actual costs exceed budgeted amounts.

Method/Procedure: Review budget amount and actual costs and supplement difference with contingency funds.

Deliverable: Invoices paid in full.

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.

BUDGET

For the CWCB Board's Review (and to execute the contract) a more detailed Scope of Work, Budget and Schedule are required.

For the **Scope of Work** please identify the major "Tasks" that will need to be performed to execute the Raw Water Pipeline Project (please limit discussion to the Raw Water Pipeline only, not the Treatment Plant replacement). For example: Task 1 – Admin/Legal; Task 2 – Land/Structure/ROW/Appraisals; Task 3 – Architect/Engineer; Task 4 – Construction; etc. For each task please include a "Description of Task", "Method/Procedure", and "Deliverable" (what you expect as a deliverable - such as Final Set of Construction Documents for Task 3).

For the Budget please create a table that indicates the Tasks by number, the total cost of that task, how much of the cost of that task will be covered by the Town of Paonia (cash match), and how much of the cost of the task will be covered by CWCB, for example:

Budget: Town of Paonia - Raw Water Pipeline

Tasks	Description	Town of Paonia (cash match)	CWCB costs	Total Costs
Task 1	Admin/Legal	\$0	\$1,560	\$1,560
Task 2	Land/Structure/ROW/Appraisals	\$0	\$10,000	\$10,000
Task 3	Architect/Engineering	\$0	\$24,390	\$24,390
Task 4	Bidding and Award	\$0	\$1,410	\$1,410
Task 5	Construction	\$40,000	\$272,730	\$312,730
Task 6	Construction Oversight/Contract Admin	\$0	\$3,910	\$3,910
Task 7	Construction Contingency	\$0	\$51,000	\$51,000
Task 8	Admin/Legal/Eng Contingency	\$0	\$20,000	\$20,000
	Total Costs	\$40,000	\$385,000	\$425,000

Schedule: Town of Paonia – Raw Water Pipeline

Task	Start Date	Finish Date
Task 1	Upon NTP	NTP + 180 days
Task 2	Upon NTP	NTP + 90 days
Task 3	Upon NTP	NTP + 45 days
Task 4	NTP + 45 days	NTP + 90 days
Task 5	NTP + 90 days	NTP + 180 days
Task 6	NTP + 90 days	NTP + 180 days
Task 7	NTP + 90 days	NTP + 180 days
Task 8	NTP + 90 days	NTP + 180 days

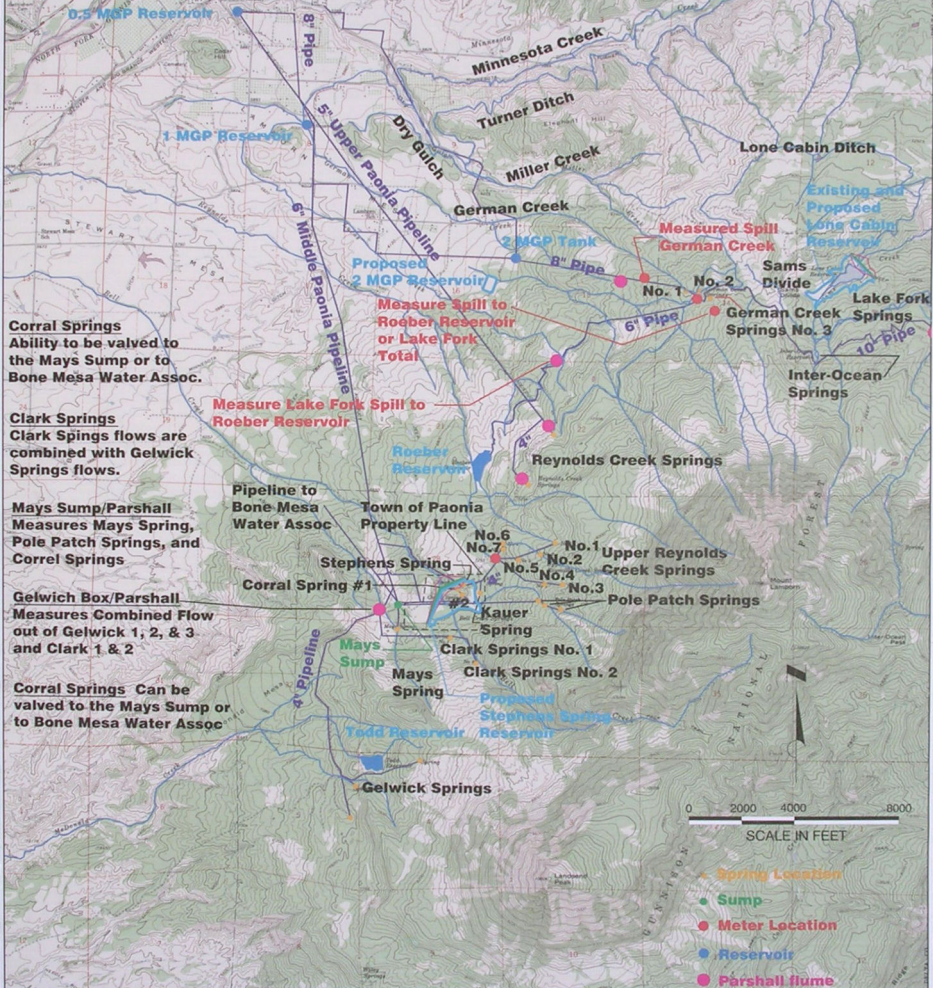
NTP = Notice to Proceed (from CWCB, i.e.: Contract signed by the State of Colorado)

Please note that CWCB's WSRA Grant Program can only provide cash reimbursement for costs incurred after the Notice to Proceed has been issued, any costs incurred within 9 months preceding the Notice to Proceed can be used only as in-kind match (not a cash match) for this project.

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.

Paonia, CO



TOWN OF PAONIA, COLORADO



GEL Consultants, Inc.
WESTWATER ENGINEERING

FEASIBILITY STUDY FOR EXPANSION
AND IMPROVEMENT OF PAONIA'S
WATER SUPPLY SYSTEM

PROJECT 99368

**SPRING AND RESERVOIR
LOCATION DIAGRAM**

JANUARY 2000

FIGURE 1