

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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Denver, Colorado 80203
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TO: Colorado Water Conservation Board Members

John W. Hickenlooper
Governor

FROM: Kirk Russell, PE, Chief
Finance Section

Mike King
DNR Executive Director

DATE: March 7, 2014

James Eklund
CWCB Director

SUBJECT: **Agenda Item 33a, March 18-19, 2014 Board Meeting**
Water Supply Planning – WSRA Grant Scope of Work Change
North Delta Irrigation Company – Tunnel Reconstruction Project

Introduction

In March 2012 the CWCB considered a funding request for the North Delta Tunnel Reconstruction Project. The sources of funding included a \$760,000 Statewide Fund Grant, a \$40,000 Gunnison Basin Fund Grant and an \$800,000 CWCB Loan for a total \$1.6 million.

The purpose of the Tunnel Reconstruction Project was to repair the tunnel that collapsed in July 2011. The Project included the installation of 1,500 feet of 48 inch pipe to line the tunnel and 700 feet of ditch piping immediately up-canal of the tunnel. The Project was under an aggressive schedule in order to deliver water to shareholders in the summer of 2012. After the Project was complete and irrigation water was turned on, it was determined that the tunnel piping was only able to deliver about half of the Company's decreed water right. Based on preliminary observations, it is likely that one of the causes is a high spot midway into the tunnel. In addition, the design capacity of the tunnel was dependent upon the installation of additional ditch piping up-canal to provide the hydraulic gradient necessary to achieve the needed capacity at the tunnel.

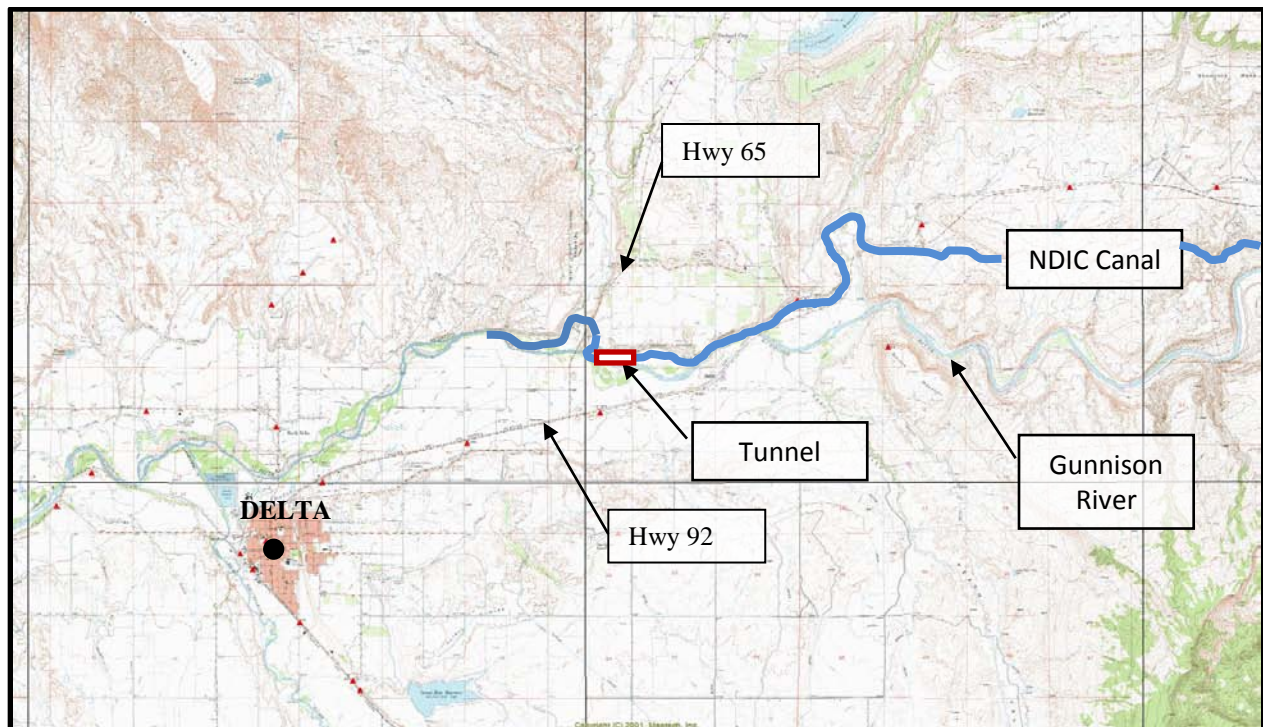
The Company is now requesting the Board approve the unused grant funds that were authorized by the Gunnison Basin in February 2012. These funds will be used to investigate options to determine the most cost beneficial solution to deliver the Company's decreed flow to its shareholders.

Staff Recommendation

Staff recommends the Board approve up to \$82,686 from the Statewide Account to fund the additional work necessary to complete the North Delta Irrigation Company's – Ditch System Study.

Background

The North Delta Irrigation Company is a Colorado Non-Profit Corporation that manages the North Delta Irrigation Canal. The Canal is 23 miles long and delivers the Company's decreed Gunnison River water right to its shareholders. The canal is an earthen ditch that includes a 1,450-foot tunnel. In July 2011, a portion of the tunnel collapsed, blocking irrigation deliveries to nearly 94% of the Company's 174 shareholders. The blockage consisted of a 40 foot mass of dirt and rock 350 feet east of the west portal of the tunnel. The tunnel is located near the intersection of Hwy 65 and Hwy 92 east of Delta Colorado.



In February 2012, the Gunnison Basin Roundtable approved funding of up to \$40,000 of basin funds and \$760,000 of statewide funds for the Tunnel Reconstruction Project. The CWCB approved the combination of a 50% loan and 50% grant request 'not to exceed' \$1.6 million in March 2012 for the tunnel reconstruction portion of the Project. At the time, the Project was estimated to be \$1.2 million with the understanding that the price could escalate to \$1.6 million after the design engineering was completed. After bids were received and prior to entering into a Loan and Grant contract the Company and CWCB staff determined that the total project cost was \$1.53 million.

The Company entered into a CWCB Loan contract C150331 for \$808,000 (including the \$8,000 service fee) and a WSRA Grant contract C150498 for \$730,110.

After design was completed, it was determined that additional canal piping was necessary up-canal from the tunnel to provide the hydraulic gradient to achieve the needed capacity at the tunnel. The Company hoped to secure additional funding for this canal piping work from federal funds. The Company was unable to secure the additional Federal funding.

Based on the Board's approval, Loan funds were used first and the remaining Project expenses were covered by the WSRA Grant. The CWCB staff disbursed \$800,000 from the Loan fund and \$717,314 from the Grant funds (\$40,000 Basin account and \$677,314 Statewide account).

The Company struggled to deliver enough water to its shareholders in 2013 and approached the CWCB to consider allowing the unused funds to research its ditch system and determine a solution to their situation. Staff recommended that the Company return to the Gunnison Basin Roundtable to provide an update on the Project and request a letter approving the use of the additional Grant funds. A letter from the Basin Chair is included as an attachment.

The unused funds include \$69,890 that was not contracted plus the unspent \$12,796 for a total of \$82,686.

The Company has been working with Trout Unlimited and the Colorado River Conservation District to find a solution to the Company's capacity issues that can also be beneficial to the River. The Company diverts a significant amount of water from the Gunnison River. 90% of the shareholders are 20 canal miles from the River. Finding a solution that helps the Gunnison River corridor and allows the Company access its full decreed water rights may also lead to other funding sources.

Attachments:

- 1) Letter of Approval from Michelle Pierce, Gunnison Basin Chair
- 2) Application

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: Grant Request from the Water Supply Reserve Account
North Delta Irrigation Company
Tunnel Reconstruction Project

Dear Mr. Godbout:

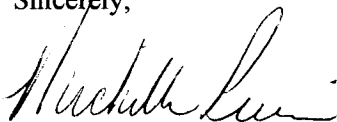
During their meeting on February 6, 2012, the members of the Gunnison Basin Roundtable unanimously approved the grant application submitted by the North Delta Irrigation Company for \$40,000 from Basin Account Funds and \$760,000 from Statewide Account funds from the Water Supply Reserve Account for the Tunnel Reconstruction Project on the North Delta Canal.

As you know, attempts made last spring to repair the tunnel were unsuccessful and unspent WSRA funds remain available. Surveys, as-built drawings, and other reconnaissance efforts are now needed in order to identify possible solutions.

Please accept this letter as confirmation that, at their meeting on December 2, 2013, the members of the Gunnison Basin Roundtable unanimously approved allowing the North Delta Irrigation Company to use remaining WSRA funds for the efforts mentioned above.

Thanks for your help and please contact me if you have any questions.

Sincerely,



Michelle Pierce
Chair

cc: Tom Alvey (e-mail)



COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT APPLICATION FORM

Ditch System Study
(a continuation of the Tunnel Reconstruction Project)

Name of Water Activity/Project

North Delta Irrigation Company

Name of Applicant

Gunnison

Amount from Statewide Account:

\$82,686.00

Amount from Basin Account(s):

\$0

Total WSRA Funds Requested:

\$82,686.00

Approving Basin Roundtable(s)

(If multiple basins specify amounts in parentheses.)

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

1. Applicant Name(s):

North Delta Irrigation Company

Mailing address:

1221 Highway 50
Delta, CO 81416

Taxpayer ID#:

84-0581619

Primary Contact:

Terry Dalpiaz

Position/Title:

Secretary/Treasurer

Email:

ndic1913@gmail.com

Phone Numbers:

Cell:

970- 216-0174

Office:

Alternate Contact:

Position/Title:

Email:

Phone Numbers:

Cell:

Office:

Water Supply Reserve Account – Application Form

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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.

3. Provide a brief description of your organization: The North Delta Irrigation Company (NDIC) is a Colorado Non-Profit Corporation which operates the North Delta Canal which delivers 49.675 CFS from a headgate located east of Austin, Colorado, on the Gunnison River. This canal is approximately 23 miles long and serves 175 shareholders who farm approximately 2,300 acres in Delta County and the City of Delta, Colorado. NDIC has a board of directors of 5 members, a part time ditch rider and a part time secretary.

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

N/A

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. TABOR is not relevant to NDIC.

N/A

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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)

☒ 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: N38-46

Longitude: W107-60

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.

The WSRA funding will be used to survey and study the ditch system to determine the most cost effective solution to return the ditch delivery to a level of service available prior to the piping of the failed tunnel in 2012.

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.)

The water activity was originally approved by the Gunnison Basin Roundtable and the CWCB for funding. This application is requesting a modification in the original scope of work to include a ditch system wide analysis. This effort will require an engineering firm to study the system and report findings as to the best approach to modifying the ditch system to allow the conveyance of the Company's adjudicated water rights through the canal and through the repaired tunnel piping.

- a) The water activity underwent an evaluation and approval process and was approved by the Basin Roundtable (BRT).

See letter from the Roundtable Chair.

- b) Matching Requirement:

Matching funds requirements were met in the original authorization including a 50% loan – 50% grant. No additional matching funds are provided in this request since this funding request remains within the original authorization by the Roundtable.

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

Signature of Applicant:

Print Applicant's Name: North Delta Irrigation Company

Project Title: Ditch System Study

Date: March 7, 2014

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

Craig Godbout – WSRA Application
Colorado Water Conservation Board
1580 Logan Street, Suite 200
Denver, CO 80203

Water Supply Reserve Account – Application Form

Revised December 2011

Exhibit A Statement of Work

WATER ACTIVITY NAME – Ditch System Study
GRANT RECIPIENT – North Delta Irrigation Company
FUNDING SOURCE – \$82,460 Statewide Account

GENERAL DESCRIPTION OF PROJECT

In 2012, the North Delta Irrigation Company (NDIC) repaired their 1,500 foot tunnel that collapsed using funds from a WSRA Grant and a CWCB Loan. Petty Construction Company was hired as the prime contractor and WestWater Engineers provided engineering services. After lining the tunnel with the largest pipe (48 inch HDPE) that would fit, the NDIC determined that it could no longer pass the full decreed direct flow right in the ditch system. The ditch is decreed for approximately 52cfs and it currently only able to deliver about 25cfs. This project will provide an engineering analysis and establish a cost-benefit table of solutions to achieve delivery of the decreed right.

OBJECTIVE

The purpose of this Project is to provide NDIC funds to hire an engineering/surveying firm to analyze the NDIC system and provide a feasibility study to determine the most cost effective solution to achieve delivery of its decreed water right.

TASKS

Task 1 – Surveying

This task includes performing a detailed survey of the tunnel pipeline and spot survey of rest of the ditch system as needed for the engineering study.

Methods/Procedures:

Contract and oversee the preparation of a survey.

Deliverables:

A paper and digital copy of the survey documents produced.

Task 2 – Engineering Feasibility Study

This task includes performing an analysis to evaluate several alternatives for returning the NDIC ditch system to its decreed diversion right. The study will incorporate information that the NDIC's has developed as a result of this situation. Such as: construction drawings, mapping, ditch flow data and engineering studies.

The study will include drawings, cost estimates, limitations (ie permitting, land acquisitions, water right

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Revised December 2011

administrations, etc.), and available funding sources to achieve the decreed water rights.

Methods/Procedures:

The NDIC will solicit proposals from a minimum of two qualified engineering firms and enter into an engineering services contract with the engineering firm for the work.

Deliverables:

A Professional Engineer stamped paper copy and a digital copy of the final Feasibility Study. All drawings shall be on maximum 11" x 17" sheet size.

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 shall contain photographs, summaries of meetings, and engineering reports/designs.

BUDGET

Task 1 – Surveying	\$4,686
Task 2 – Engineering Feasibility Study	\$78,000
Total	\$82,686

SCHEDULE

The Project is estimated to begin in the spring of 2014 and finish in the winter of 2014/15.

Estimated Project Schedule

<i>Task</i>	<i>Duration</i>	<i>Finish</i>
1. Survey	2 months	Contract Effective Date + 2 months
2. Engineering Feasibility Study	10 months	Contract Effective Date + 12 months
Final Deliverables	6 months	Contract Effective Date + 18 months

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

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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 10 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.