



COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT APPLICATION FORM

Reservoir 2 Enlarging and Lining Project

Name of Water Activity/Project

Grand County Water & Sanitation District No. 1

Name of Applicant

Amount from Statewide Account:

\$664,960.00

Amount from Basin Account(s):

\$41,640.00

Total WSRA Funds Requested:

\$706,600.00

Approving Basin Roundtable(s)

(If multiple basins specify amounts in parentheses.)

Application Content

- Application Instructions
- Part I – Description of the Applicant
- Part II – Description of the Water Activity
- Part III – Threshold and Evaluation Criteria
- Part IV – Required Supporting Material
 - Water Rights, Availability, and Sustainability
 - Related Studies
 - Signature Page

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page 2
page 3
page 5
page 7
page 12
page 13
page 14

Required Exhibits and Additional Exhibits

- A. Statement of Work, Budget, and Schedule
- B. Project Map
- C. Additional Exhibits
 - District Service Area Map
 - Grand County Water Rights Map
 - Water Case No. 02CW367
 - Water Availability Memorandum

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):	Grand County Water & Sanitation District No. 1			
	Mailing address:	P.O.Box 3077 Winter Park, CO 80482-3077			
	Taxpayer ID#:	98-04416			
	Primary Contact:	Bruce Hutchins	Position/Title:	Manager	
	Email:	bhutchins@gcws1.com			
	Phone Numbers:	Cell:	970-531-9207	Office:	970-726-5583
	Alternate Contact:	Ed Duerr, PE	Position/Title:	District Engineer	
	Email:	eduellinc@aol.com			
	Phone Numbers:	Cell:	303-818-5144	Office:	303-973-3987

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 County Water & Sanitation District No. 1 (District) is a Title 32, Colorado Revised Statutes, District formed for to provide Water and Sanitation services pursuant to that Statute and by Decree entered into Grand County District Court, Civil Action #1376 on April 9, 1960. The District, as a Water and Sanitation District, is governed by the provisions of C.R.S. 32-1-101, ET.SEQ. Paragraph 1 provides information regarding the District and the contact person.

The District presently serves the area within the Town of Winter Park, which was historically know as Hideaway Park, and most of the Town with the exception of the Winter Park Ski Area and its immediate surroundings. Presently, the District serves 695 metered taps equating to 2,333 Single Family Equivalent (SFE) customer taps. A copy of the current District service area map is attached in Exhibit C. The District's current water use is approximately 465 acre feet per year with a maximum daily demand of 0.8 million gallons per day, typically occurring during the month of December. The zoning within the Town of Winter Park still provides a considerable amount of area for growth, providing that the District may serve up to an estimated 8,300 single family equivalents at build-out. The District currently serves about 2,334 single family equivalents. The District owns and operates two water treatment plants that are located within Town limits and on the United States Forest Service property, for which it maintains Special Use Permits with the Forest Service. The Big Mac Plant is located off the main stem of Vasquez Creek and has a treatment capacity of 1.5 million gallons per day (mgd) or 2.3 cfs. The other, the Little Mac Plant, is located off Little Vasquez Creek and has a treatment capacity of just under 0.5 mgd or 0.78 cfs.

The District also provides wastewater collection and treatment services to the properties within the District Service Area. The District entered into an Intergovernmental Agreement with the Town of Fraser and Winter Park Ranch Water and Sanitation District for the ownership and operation of a consolidated wastewater treatment plant, located on the Fraser River, just below the town of Fraser. The Agreement provides for the consolidated governance and operation of the wastewater treatment facilities by all three entities."

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

The applicant is not subject to TABOR limitations with respect to this project.

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:

For enhancing augmentation storage and reducing leakage

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

The reservoir is decreed for "municipal uses, irrigation, augmentation, piscatorial, aesthetic, and recreation". In addition, the reservoir is used for fishing by locals and tourists, and it ties in with overall aesthetic and recreational elements within the Town of Fraser. Also, the District has additional conditional water rights that are junior and will need to be augmented from time to time in the future. Through the Colorado River Cooperative Agreement, which was entered into by many West Slope entities, Denver Water will provide water in the Upper Fraser River. It remains necessary for some of the beneficiaries under the Agreement, including this District, to obtain its own augmentation source, as well as replacement source, and this reservoir would satisfy those augmentation and replacement source requirements.

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:

Reservoir lining provides "new" enhanced storage.

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: N39° 56.329'

Longitude: W105° 47.915'

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 project is for enlarging and lining Reservoir 2, which is an augmentation reservoir for the Grand County Water & Sanitation District No.1. The original Reservoirs 1 and 2 were developed from the abandoned District lagoons, which were put out of service when the District tied into the regional wastewater facility in Fraser. Reservoir 2 has the potential to store additional water and is leaking appreciable quantities of water in its current state.

By enlarging and lining the reservoir, the District will essentially gain new storage and will improve operations. The District will have the ability to store augmentation water to be used for fulfilling more senior water rights obligations during times of low water and/or drought. Other advantages, as noted above, include water for fishing, aesthetic considerations, and the ability to provide services to its customers while alleviating or limiting the impacts on the ability to provide those services. Thus it is a vitally important component of the overall District water system.

The project activities include the following:

- Planning and budgeting activities including pursuing grant funds.
- Preliminary engineering and geotechnical activities.
- Development of plans and specifications for bidding.
- Bidding the project to general contractors qualified to complete the work.
- Construction and completion of the proposed construction improvements.
- Final contract documentation and putting the Reservoir back into service.

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

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

Water Supply Reserve Account – Application Form

Revised December 2011

The project should not impact any existing water rights. The water will only be stored when in priority pursuant to the District's decrees and agreements. As previously stated, the project compliments existing agreements, such as the Colorado River Cooperative Agreement, by fulfilling the need for water storage in the Fraser Valley."

- 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.

Roundtable letters of support need to be referenced here and attached...

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.

There has long been a shortage of storage in the Fraser River Basin. The Colorado Water and Power Development Authority, in the 1980s, did a comprehensive study and was unable to find an acceptable storage location that, under the existing criteria, could be developed. Since then, various studies have shown a need for additional water supply, including the UPCO Final Report of May 9, 2003, the CDM Basin M and I Gap Analysis, which analyzes SWSI, indicates the gap of 2000 acre feet in Grand County, as well as the Major Findings and Recommendations from Current Basin Reports as Summarized for IBCC dated June 21, 2011. According to 37-75-104 (2), the goal is to identify projects that will meet future need which this project does in the Colorado River Basin and Grand County.

- 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)

District shall be providing a direct cash match in the amount of \$126,200.00.

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).

Response: The District is a beneficiary under the Colorado River Cooperative Agreement (CRCA), even though not a signatory. Paragraph 20 provides much needed water in the Upper Fraser Valley, however, the District and other beneficiaries under Paragraph 20 of the CRCA, which provides 375 acre feet in the Upper Fraser Valley, have to provide Replacement Water to Denver and replace depletions. This project provides storage that can satisfy that requirement and thus provides benefits in the overall Colorado River Cooperative Agreement for the East Slope and the West Slope.

- 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.

Response: The entities supporting Grand County Water & Sanitation District #1 in promoting this project activity include: Middle Park Water Conservancy District, Winter Park Water and Sanitation, Denver Water, Grand County Board of Commissioners, Town of Granby, Town of Winter Park, Colorado River Headwaters of Trout Unlimited, Town of Fraser and Winter Park Ranch Water and Sanitation District.

The District and the other Fraser Valley entities have water rights under the Colorado River Cooperative Agreement, and other associated agreements, and can provide for instream flow purposes (see Application 11CW152).

- 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.

Response: The District has extensively worked to improve its water diversion, treatment, and distribution

systems to optimize the use of its water supplies and water rights. Nonetheless, there is tremendous pressure upon limited water resources within Grand County and the Fraser River, specifically during dry or drought conditions when multiple calls are made upon the river. To allow the District to meet its obligations to their constituents for potable water services, it is in the best interest of the District to improve the operations of and increase the capacity of augmentation Reservoir #2. The Grand County Water & Sanitation District No. 1 is continuing to reduce the amounts of leakage from its water distribution system, and infiltration and inflow to its sewer system, which has the net benefit of leaving more water within the natural hydrological basin system. All of these activities benefit downstream entities and help to fill the gaps between current and future supplies and needs. The subject project is one more example of optimizing and making the best use of current facilities versus attempting to develop totally new facilities. The UPCO Study shows a need in the Fraser Valley of approximately 2,000 acre feet. Additionally, the CDM Memorandum of June 26, 2011 regarding the Basin M & I Gap Analysis indicates a gap of 2,300 acre feet by 2,050 part of which can be provided by this project.

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).

Response: The Grand County Water & Sanitation District #1 has regularly reviewed and increased service fees to provide funding for a myriad array of activities, including:

- Upgrading aging infrastructure including replacing old cast iron water lines with more resilient ductile iron.
- Firming up water supplies.
- Continually improving and optimizing treatment and conveyance operations.
- Auditing water system operations, production and demand records, and metering to lower water waste.
- Implementing leak detection and reduction programs.

All of these activities have significant costs associated with them. Even as fees are increased, there is a growing disparity between costs and fees, resulting in a continual lowering of District reserve funds to make up the difference. The District already has loan obligations associated with construction of finished water storage, water treatment upgrades and wastewater treatment. Thus, assistance with this water activity is extremely beneficial, not only to the District and supporting entities, but also to other downstream water users and the overall river environment.

- 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.

Response: The Grand County Water & Sanitation District #1 has invested considerable funds and efforts to join downstream entities in the development of the regional wastewater facilities in Fraser, closed the existing lagoon system and modified the lagoons to act as augmentation reservoirs. Thus, major funds have already been expended on the specific reservoir for which funds are requested. This project allows the District to further optimize the benefits of augmentation storage by improving operations, decreasing waste, and increasing the volume of storage without having to develop a new reservoir site, that would be cost prohibitive and difficult to undertake. The District will share in the costs for this project and has

Water Supply Reserve Account – Application Form

Revised December 2011

solely borne all costs for the original lagoon to reservoir project. Thus, the commitment to this project is underscored by all the previous activities of the District to develop the augmentation reservoirs to begin with.

The District has expended between \$10,000 and \$15,000 on the planning, preliminary engineering, and application phases of this 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.

Response: The water activity provides for releases to the Fraser River when senior calls are made on the river, while allowing for water service to be maintained to District constituents during dry or drought conditions. The secondary benefit is that there is sustained water in the river during dryer conditions, while obligations to serve constituents are being met.

The reservoir site has been leased at no cost by the Town of Fraser for an addition to their park system. This has opened up the property to public use. The division of wildlife has maintained a cutthroat fishery in the south pond. Most of the senior water rights that will be satisfied with the use of this water for augmentations purposes are agricultural. Utilization of this storage right decreases the need for the purchase of agricultural water rights.

- 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.

Response: The activity directly enhances use of state waters while assisting with the administration of entitled waters. This storage, as with other storage, provides additional available water supply in the case of the compact call and administration. The project promotes maximum utilization for state waters by utilizing an already existing location that has been used for a lagoon in the past, and it provides a reservoir site in the Fraser Valley which is extremely short of water and sites.

- h. The water activity assists in the recovery of threatened and endangered wildlife species or Colorado State species of concern.

Response: The activity minimizes impacts by capturing excess river capacity and releasing it during times of dry or drought conditions.

- i. The water activity provides a high level of benefit to Colorado in relationship to the amount of funds requested.

Response: The activity allows the full use of facilities developed for the purpose of optimizing water supply for direct use by constituents within Grand County. Since the reservoir is an existing facility, the work can be accomplished with low to no impacts and provide a better augmentation benefit to the District allowing better management of its limited water supplies. Also, further reducing future impacts, the District can postpone additional water development activities and infrastructure by their ongoing optimization efforts, of which this activity is a key component. The Colorado Water and Power Development Authority has looked for reservoir sites in the past within the Fraser Valley.

- j. The water activity is complimentary to or assists in the implementation of other CWCB programs.

Response: As previously noted, optimizing the use of limited water supplies is a continuing goal of the CWCB. Use of the water for augmenting consumptive use will help maintain the CWCB instream flow program, and may be available, when not needed for direct release for the program.

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

This project can succinctly meet all applicable Evaluation Criteria. The Fraser Valley is short of water because of both existing in-basin appropriations and trans-basin diversions. Entities in the Fraser Valley have joined together with Grand County, Colorado River Water Conservation District, Northern Colorado Water Conservancy District and Denver Water to cooperatively look at methodologies to address these concerns.

The 2003 UPCO Study, which was another joint East Slope/West Slope endeavor, showed the initial need for more water in the Fraser Valley. The Colorado River Cooperative Agreement negotiations between Denver and the West Slope were specifically designed to provide additional water in the Upper Fraser for direct use as well as for maintaining instream flows. This particular project can provide storage complimenting water made available to the Fraser Valley entities, as well as perhaps the CWCB (instream flow uses), because it can provide needed Replacement Water and Augmentation/replacement Water high up in the Fraser River where there is need but very limited available storage.

Suggested Format for Scope of Work

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.

The reservoirs divert water directly from the Fraser River, just downstream of the Town of Winter Park and within the boundaries of the Town of Fraser. Overall, the Fraser River and its major tributaries are impacted first by Denver's Fraser River Diversion Project. The Fraser River has been intensely studied as part of the Denver-Moffat Expansion, which will solidify Denver's bypasses in the Fraser River and its tributaries. The Colorado Water Conservation Board instream flows for the reach of the Fraser from Vasquez Creek to Saint Louis Creek, are 11 cfs for May 15th through September 15th, and 5 cfs from September 16th through May 14th. These reservoirs should impact neither Denver's nor the CWCB water rights since they will only be diverting in priority. Historically, there have not been any calls on the mainstem of the Fraser River above its confluence with the Colorado and Fraser River by water right holders, with exception of a CWCB call in 2012 for instream flows. The construction of these reservoirs will provide additional protection against such a call, and water should be available to fill the reservoirs. The Fraser Valley municipal and quasi municipal entities have agreements involving bypass flows by the Denver Water that ensure additional water will be in the Fraser River at this location. The District has been in contact with various municipal and quasi municipal entities in the Fraser Valley who have expressed an interest in utilizing the water from these reservoirs when they are fully operational. Additionally, in 2012, the Middle Park Water Conservancy District purchased water for release from the reservoirs to replace depletions for some of its contractees in the Upper Fraser Basin. A recent study performed by Leonard Rice Consulting Water Engineers indicated that there is water available for appropriation and use under the reservoirs' 2002 priority. A copy of the decrees for the reservoirs (Case No. 02CW367), the Leonard Rice Study, and a map showing the general water rights in the Upper Fraser River Basin are included as Exhibit C.

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

Recent water studies providing analyses of Grand County water needs include the Upper Colorado Study (UPCO) completed by Hydrosphere in 2003. The study documents the existing and future water supply issues facing the area. The State Water Supply initiative adopted the UPCO finding with regard to Grand County. This study, and subsequent efforts by the UPCO participants, indicates that there will be water supply shortages in Grand County for both consumptive and non-consumptive uses. Grand County experienced historically low stream flows and critically low municipal water supplies during 2002 – 2004. A key stream impacted by low stream flows was the Fraser River near Winter Park, which is precisely where the augmentation reservoir project is located. As noted in the UPCO Phase II Report, the districts that will experience the most pronounced municipal shortages are Grand County Water and Sanitation District No. 1 and Winter Park Water and Sanitation District. The Grand County Water and Sanitation District No. 1 is leading this project effort and is willing to lease storage capacity in the enhanced augmentation reservoirs to others in need. When physical low flows occur, the ability to divert can be hampered, both by calls on the river and by the physical difficulty to actually divert a flow. The augmentation reservoirs allow the GCWSD#1 to release water to meet downstream needs during such times, providing a critical tool for dealing with drought conditions.

Previous to 2005, GCWSD#1 completed and participated in a series of studies and construction projects that allowed for the establishment of the augmentation reservoirs. In summary, those included:

- Evaluation of advanced wastewater treatment alternatives and designs
- Comprehensive regionalization study for wastewater providers in Grand County
- Design and construction of the regional wastewater facilities in Fraser and related trunk collection sewers
- Lagoon closure study and implementation project
- Study for the conversion of lagoon ponds into augmentation reservoirs
- Completion of lagoon closure project (2004)
- Completion of augmentation reservoir project (2005)

All of these projects have improved water quality in the Fraser River and allowed for the development of augmentation storage without having to purchase and develop a virgin reservoir site. The project to convert lagoon treatment basins into augmentation storage reservoirs provided a cost-effective and unique approach to developing critical storage at a point in the Fraser River documented to experience historically and critically low stream flows.

Additionally, the reservoir lining project is in line with the requirements of the State Engineer's office to construct and maintain reservoir storage that does not allow rogue waters to enter the storage basin and provides efficient and "tight" storage of water diverted for that purpose.

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.

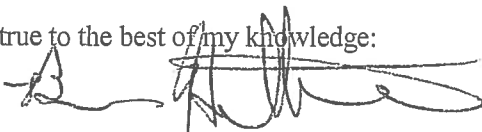
Final Deliverable: At completion of the project, the applicant shall provide the CWCB a final report that summarizes the project and documents how the project was completed. This report may contain photographs, summaries of meetings and engineering reports/designs.

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.

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

Signature of Applicant:



Print Applicant's Name: Bruce Hutchins, Manager, Grand County Water and Sanitation District No.1

Project Title: Grand County Water & Sanitation District No.1 Reservoir 2-Enlarging and Lining

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

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