

**Alternative Agricultural Water Transfer Methods – Competitive Grant Program
Water Activity Summary Sheet
Agenda Item 30.g.**

Applicant: Lower South Platte Water Conservancy District

Water Activity Name: Northeast Colorado Water Cooperative Implementation

Water Activity Purpose: Nonstructural Activity

Drainage Basin: South Platte River

Water Source: South Platte River

Amount Requested: \$173,900

Matching Funds: \$22,100

Staff Recommendation
Staff recommends approval of up to \$173,900 from the Alternative Agricultural Water Transfer Methods Program to help fund the Northeast Colorado Water Cooperative Implementation project contingent upon resolution of the items in the issues/additional needs section of this summary.

Water Activity Summary:

The water cooperative would create a mechanism for moving augmentation credits from plans with unused credits into plans that need additional credits. Initial quantification and analysis of periodically occurring, unused augmentation credits and exchange potential were completed as part of previous work conducted under a previous ATM grant. In this effort, the preliminary quantification of unused augmentation credits and exchange capacity was favorable, and the water users interested in the cooperative (a.k.a. the steering committee) decided that additional research and outreach to potential stakeholders and participants was warranted. During 2010, committee members met with numerous ditch and reservoir companies, irrigation districts, augmentation groups and conservancy districts to discuss whether there was sufficient interest in organizing the water cooperative. Since responses to the water cooperative idea were positive and in order to research and address issues raised, the steering committee prepared a work plan to outline a course of action. The primary goals of the work plan were to: 1) develop an organizational structure for the water cooperative, 2) develop a detailed draft operational plan, and 3) request necessary funding to accomplish this work.

The steering committee applied for and was awarded two grants to research organizational and operational aspects of the water cooperative. Work under a grant through the Water Supply Reserve Account (WSRA) focuses primarily on research and development of an organizational structure for the Water Cooperative. An Alternative Transfer Methods grant was awarded to the steering committee to research operational aspects of the cooperative.

The project described in this grant application will build upon and will make extensive use of the work conducted under previous grants awarded. The goal of the current project is to implement the water cooperative in 2014. Before the cooperative can be implemented, engineering work must be conducted and the water accounting system must be customized to reflect the specific members of the water cooperative. A general description of the objectives and elements of work in this grant application are described below:

- **Engineering:** evaluate the supplies, demands, and delivery strategies for the specific initial participants in the Northeast Colorado Water Cooperative (NECWC). (i.e. exchange capacity tool, the operational planning model, etc.). The work will culminate in an Engineering Report that can be used to support a Substitute Water Supply Plan (SWSP) and Water Court application for the cooperative.

- Accounting: The objective of the accounting phase will be to refine and implement an accounting system to track the movement of water among cooperative members. Work on the accounting system will involve acquisition and input of necessary data and information from participating augmentation plans, ditch companies, water providers, etc. and testing of the accounting system.
- The project team will consult with the Division Engineer to ensure that the accounting protocols are appropriate. Grant funds are also being sought to cover the costs of conducting the actual water accounting for the first year of cooperative operation.
- Implementing the Northeast Colorado Water Cooperative.

Discussion:

Staff is very encouraged that over the last couple of years, that the project sponsors and participants have been able to identify the opportunity with the excess augmentation credits, work hard at analyzing the institutional and operational considerations and factors and develop a program that addresses the needs within the confines of Colorado water law. Staff has followed this project closely and is very impressed with the management of this project as well as the ability of the sponsors to work collaboratively with the various water interests in the lower South Platte River.

Issues/Additional Needs:

The applicant states in Tasks 2 and 7 that the project team will meet with the Division Engineer staff to review the draft proposed accounting system and to identify potential differences that might arise with the Alluvial Aquifer Accretion/Depletion Analysis Tool (AAADAT) and collaborate on solutions to potential differences. Staff is pleased that the applicant recognizes the potential overlap with the AAADAT work but would like to see the applicants work more collaboratively with the AAADAT team to minimize duplication of effort, maximize the efficiency of state funds and ensure that the best tool(s) are being developed.

The Division of Water Resources has just recently begun the Alluvial Aquifer Accretion/Depletion Analysis Tool (AAADAT) project. CWCB staff requests that the NECWC team work with the AAADAT project team (DWR and CWCB) to develop an agreed upon approach for incorporating NECWC's needs into the AAADAT or developing a separate accounting tool that is complementary to the AAADAT.

Task 6 reserves \$25,000 for the compensation of attorneys and engineers in meetings with potential objectors. While staff strongly believes in the proactive engagement of these individuals, staff recommends that the CWCB not fund this task and encourages project participants to contribute additional funds for this purpose.

Staff Recommendation:

Staff recommends approval of up to \$173,900 from the Alternative Agricultural Water Transfer Methods Program to help fund the Northeast Colorado Water Cooperative Implementation study.

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 Criteria and Guidelines of the Alternative Agricultural Water Transfer Methods Competitive Grant Program, staff would like to highlight additional reporting and final deliverable requirements. The specific requirements are provided below.

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 scope 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.

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.