



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Craig Godbout, Program Manager
Alternative Agricultural Water Transfer Methods Grant Program (ATM)
Water Supply Planning Section

DATE: May 5, 2015

AGENDA ITEM: 11; Rotational Fallowing - Leasing Catlin Canal Pilot Project
Implementation and Operations Program in the Arkansas River Basin
Alternative Agricultural Water Transfer Methods Grant Request

Staff Recommendation - Action Items: ATM Grant Request

Background: Of the approximately \$4,750,000 in ATM Grant appropriations, approximately \$763,000 remains available for qualifying applicants and their respective projects. If approved, the attached ATM Grant application for \$173,781.50 will result in a reduced balance of approximately \$589,000.

If approved, the “Rotational Fallowing - Leasing Catlin Canal Pilot Project Implementation and Operations Program in the Arkansas River Basin” project will constitute the 24th ATM Grant approved by the CWCB. Of the previous 23 projects, 13 are in-progress, and 10 have been completed or closed-out.

Staff’s review of the applications involves the following steps:

- 1) Applications are reviewed for completeness based on the information requirements, which are primarily outlined in the Criteria and Guidelines (C&G).
- 2) Applications are reviewed to verify that the water activity meets the eligibility requirements in the C&G.
- 3) Staff then prepares the Water Activity Summary Sheet which documents the outcome of the review process and contains staff’s recommendations.

Staff concludes this ATM Grant application is complete and the proposed activity meets the eligibility requirements in the C&G. The Water Activity Summary Sheet, ATM Grant Application, and letters of support and commitment are attached.

Staff recommendation:

Staff recommends approval of up to \$173,781.50 from the Alternative Agricultural Water Transfer Methods Grant Program to help fund the “Rotational Fallowing - Leasing Catlin Canal Pilot Project Implementation and Operations Program in the Arkansas River Basin” project.



Alternative Agricultural Water Transfer Methods – Competitive Grant Program
Water Activity Summary Sheet
May 20-21, 2015
Agenda Item 11

Applicant & Fiscal Agent: Lower Arkansas Valley Water Conservancy District (Lower Ark)

Water Activity Name: Rotational Fallowing – Leasing Catlin Canal Pilot Project Implementation and Operations Program in the Arkansas River Basin

Water Activity Purpose: Demonstrate that rotational land fallowing – municipal leasing is a viable alternative to historical “buy-and-dry” of irrigation water rights for Municipal and Industrial uses.

Drainage Basin: Arkansas

Water Source: Arkansas River

Amount Requested: \$173,781.50

Matching Funds: \$19,310.00 total cash match from Lower Ark (11.1% of total grant request, 10% of total current project costs)

Staff Recommendation
Staff recommends approval of up to \$173,781.50 from the Alternative Agricultural Water Transfer Methods Program to help fund the “Rotational Fallowing – Leasing Catlin Canal Pilot Project Implementation and Operations Program in the Arkansas River Basin” project.

Water Activity Summary: ATM grant funds, if approved, will be expended in general, to demonstrate, through actual operation of the Catlin Pilot Project, that rotational land fallowing – municipal leasing is a viable alternative to historical “buy-and-dry” of irrigation water rights for M&I uses. The Catlin Pilot Project is intended to provide on-the-ground “proof of concept” of rotational fallowing – leasing by making irrigation water rights available for municipal use while protecting irrigated agriculture. The Operations Program is intended primarily to address technical elements associated with on-the-ground operation of the Catlin Pilot Project pursuant to the terms and conditions of the Pilot Project Approval. In addition, it is anticipated that means of streamlining operations and administration for this and future rotational fallowing – leasing pilot projects will be identified, potential barriers to participate in rotational fallowing – leasing will be overcome, and more widespread interest in undertaking rotational fallowing – leasing will take hold.

The Catlin Pilot Project involves three municipalities (the Town of Fowler, the City of Fountain, and Security Water District), six farms (Schweizer, Diamond A, Hirakata Farms, Hancock, Diamond A East, and Hanagan Farms), and the Catlin Canal Company. The Operations Program will support leasing of up to 500 acre-feet annually to the three municipalities. All of the entities voluntarily chose to participate in this Pilot Project.

More specifically, the Operations Program will provide funding for on-the-ground staffing and equipment needs for the first two years of the Pilot Project’s operations to ensure continued implementation of the Pilot Project during its ten-year term. Specific tasks include:

- 1) Purchase and Install Equipment for Operations
- 2) 2015 Operations, Accounting, and Annual Reporting
- 3) 2016 Share/Parcel Identification
- 4) 2016 Operations, Accounting, and Annual Reporting
- 5) Recharge Site Identification

Discussion: On January 27, 2015, the CWCB approved the first Rotational Fallowing Leasing Pilot Project under HB 13-1248 with the Lower Ark and the Lower Arkansas Valley Super Ditch, Inc, as co-applicants. Staff considers this effort to align well with the IBCC No/Low Regrets Action Plan, the Arkansas Basin Implementation Plan, and Colorado's Water Plan.

Issues/Additional Needs: No issues or additional needs have been identified.

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.



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1313 Sherman Street, Room 721
Denver, CO 80203

March 11, 2015

Re: Catlin Canal Following-Leasing Pilot Project

Transmitted via email

Dear Stakeholder:

The Colorado Water Conservation Board (CWCB) approved the Catlin Canal following-leasing pilot project during its regularly scheduled January 26-27 board meeting. The CWCB adopted one new term beyond what was included in the State Engineer's official report for the project. The additional term is "The terms and conditions set forth in the pilot project are based on the parties' current understanding of the Catlin Project and the information presented as part of the application process. All of the terms and conditions are the subject of negotiations and compromises, and shall not be relied upon as establishing any precedent in any other proceeding."

The board memo for this particular item, and all related public input and project documents, are available on the CWCB's website at www.cwcb.state.co.us by clicking the following-leasing link from our home page.

Please feel free to call me at (303) 866-3441 ext. 3208 if you have any questions or need additional information.

Regards,



Thomas W. Browning, P.E.
Deputy Director, Integrated Water Resources

