

Water Supply Reserve Account – Grant and Loan Program
Water Activity Summary Sheet
September 15-17, 2015
Agenda Item 18(k)

Applicant & Fiscal Agent: Florida Consolidated Ditch Company
Water Activity Name: Hess Lateral Improvement Project
Water Activity Purpose: Agricultural
County: La Plata
Drainage Basin: Southwest
Water Source: Florida River
Amount Requested/Source of Funds: \$38,750 Southwest Basin Account
\$736,250 Statewide Account
\$775,000 Total Grant Request

Matching Funds: Basin Account Match: \$38,750 = 5% of total grant request (meets 5% min);
Basin Account & Applicant Match (including CWCB loan): \$1,763,750 =
227.6% of total grant request (meets 25% min);
Applicant & 3rd Party Match (CDOT): \$1,725,000 = 69% of total project costs
(\$2,500,000)
(refer to *Funding Summary/Matching Funds* section)

Staff Recommendation:

Staff recommends conditional approval (refer to <i>Issues/Additional Needs</i> section below) of up to \$38,750 from the Southwest Basin Account, and \$736,250 from the Statewide Account to help fund the agricultural project titled: Florida Consolidated Ditch Company; Hess Lateral Improvement Project.

Water Activity Summary: WSRA funds, if approved, will be expended to fund the Hess Lateral Improvement Project (the Project). The purposes of this project are to 1) improve the efficiency of the canal conveyance system and reduce ditch loss through seepage and evaporation, 2) provide irrigation water at reduced operational expense to promote continued commercial agricultural uses, 3) firm the agricultural pre-Compact water supplies through increased efficiency as opposed to developing additional water supplies (i.e. enlarging Lemon Reservoir), 4) develop additional sources of water for other beneficial uses in the basin, and 5) increase water quality by reducing the salt load into the Animas River.

The Hess Lateral, part of the Florida Consolidated Ditch Company (Company) water conveyance system, is located 7 miles south of Durango, CO on the Florida Mesa. The Hess Lateral serves approximately 75 water users irrigating over 1,500 acres of primarily hay and pasture lands through a 3.3 mile-long open ditch that delivers up to 17.5 cfs of irrigation water. This project entails replacing open earth-lined ditch with buried gravity-pressurized pipeline. This will reduce seepage losses and will provide pressurized water to existing sprinkler systems on the lateral. The pressurized pipeline will eliminate most of the energy currently used for pumping and will provide the opportunity for pressurized systems to be installed on fields that are currently flood irrigated, further increasing water

efficiency and reducing salt leaching. The Natural Resources Conservation Service (NRCS) estimates a load reduction of total dissolved solids from this project of 136.8 tons per year.

The Colorado Department of Transportation (CDOT) plans on expanding Colorado Highway 550 in the near future. This expansion requires relocating approximately 10,000 feet of the Hess Lateral to outside of the Highway Right-of-Way. CDOT is cooperating with the Company on the relocation and has committed \$950,000 to the project.

Objectives:

Phase I will complete preliminary engineering including an alternative analysis. This will allow the company to get a clear idea of the scope and cost of the project. The grant funds will also be used to complete a CWCB Water Project Loan Program feasibility study.

Phase II will complete:

- final engineering design,
- project plans and specifications,
- environmental permitting,
- construction of the canal and ditch lining project, and
- engineering services during construction.

Discussion: This project aligns with the several of the Goals and Measurable Outcomes as described in the Southwest Basin Implementation Plan (Section 1; Table 1: Goals and Measurable Outcomes A1, A2, B2, B3, E2; pages 12 16), and is incorporated in several IPPs, such as: Multi-Basin IPPs, Ditch Company Efficiency and Improvement Projects (Appendix A, IPP ID 4-MB, page 1 of 18); Animas River Basin Draft IPP List, Florida Water Conservancy District (Appendix A, IPP ID 4-A, page 6 of 18); Animas Watershed Partnership (Appendix A, IPP ID 22-A, page 8 of 18); and Hess Lateral Replacement (Appendix A, IPP ID 28-A, page 8 of 18).

The applicant has completed two similar lining projects, totaling 2.23 miles of ditch using \$1M in WSRA grant funds. According to a USBR ditch loss study, the total water savings are nearly 3,000 acre-feet annually.

Issues/Additional Needs: Two issues need addressing regarding this grant. The first being the applicant's intent to phase the project and funding; the second concerns easements and right-of-ways. The applicant intends to pursue this effort in a phased approach. Task 1 (refer to Statement of Work – attached) will provide the necessary technical information to determine whether to move forward with the project. After completion of this task, the Company will decide whether or not it will proceed with Tasks 2 and 3. Tasks 2 and 3 will not be initiated until the Company secures a CWCB loan or funding from another acceptable source. Staff recommends **conditional** approval of this grant request subject to CDOT acquiring the necessary right-of-ways and easements required to complete the project.

Threshold and Evaluation Criteria:

The application meets all four Threshold Criteria.

Tier 1-3 Evaluation Criteria:

Staff has reviewed and evaluated the applicant's response to the Statewide Account Supplemental Scoring Matrix and has determined that it satisfies the Evaluation Criteria. Please refer to WSRA Application for applicant's detailed response.

Funding Summary/Matching Funds:

	<u>Cash</u>	<u>In-kind</u>	<u>Total</u>
CDOT	\$950,000	\$0	\$950,000
CWCB Loan	\$775,000	\$0	\$775,000
Sub-total matching funds	\$1,725,000	\$0	\$1,725,000
WSRA Southwest Basin Account	\$38,750	n/a	\$38,750
WSRA Statewide Account	\$736,250	n/a	\$736,250
Total	\$2,500,000	\$0	\$2,500,000

CWCB Project Manager: Anna Mauss

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: 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.