



COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT APPLICATION FORM

Today's Date: 5/25/2015

Replacement of the Horse Creek Flume

Name of Water Activity/Project

Fort Lyon Canal Company

Name of Applicant

Arkansas Basin
Roundtable

Amount from Statewide Account:

\$450,000

Amount from Basin Account(s):

\$50,000

Total WSRA Funds Requested:

\$500,000

Approving Basin Roundtable(s)

(If multiple basins specify amounts in parentheses.)

FEIN: 84-0579583

Application Content

Application Instructions	page 2
Part I – Description of the Applicant	page 3
Part II – Description of the Water Activity	page 5
Part III – Threshold and Evaluation Criteria	page 7
Part IV – Required Supporting Material	
Water Rights, Availability, and Sustainability	page 10
Related Studies	page 10
Signature Page	page 12

Required Exhibits

- A. Statement of Work, Budget, and Schedule
- B. Project Map
- C. As Needed (i.e. letters of support, photos, maps, etc.)

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 October 2013

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>. In addition, the applicant should also refer to the [Supplemental Scoring Matrix](#) applied to Evaluation Criteria Tiers 1-3 for Statewide Account requests .

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:

Craig Godbout - WSRA Application
Colorado Water Conservation Board
1313 Sherman St., Room 721
Denver, CO 80203
Craig.godbout@state.co.us

If you have questions or need additional assistance, please contact Craig Godbout at: 303-866-3441 x3210 or craig.godbout@state.co.us.

Water Supply Reserve Account – Application Form

Revised October 2013

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

1.	Applicant Name(s):	Fort Lyon Canal Company		
	Mailing address:	750 Bent Avenue Las Animas, Colorado 51054		
	FEIN #:	84-0579583		
	Primary Contact:	Amy Van Horn	Position/Title:	Water Master
	Email:	flccinfo@flcc.net		
	Phone Numbers:	Cell: N/A	Office:	719-456-0720
	Alternate Contact:	Jerred Hoffman	Position/Title:	Superintendent
	Email:	jerred@flcc.net		
	Phone Numbers:	Cell: 719-469-1160	Office:	719-456-0720

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 October 2013

3. Provide a brief description of your organization

The Fort Lyon Canal Company is a Colorado Mutual Ditch Company and a non-profit Corporation organized under the laws of the State of Colorado. The Fort Lyon Canal Company was incorporated in 1897, and is governed by five Directors that meet monthly. The offices of the company are located in Las Animas. The canal is 113 miles long, and lies in three counties: Otero, Bent, and Prowers. Approximately 93,000 acres are irrigated each year.

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.

N/A

Water Supply Reserve Account – Application Form

Revised October 2013

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.

Some water that flows through the flume is used by the BLM to provide water to wildlife areas, so there is an environmental and recreational benefit preserved by replacing the flume and preventing a failure.

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:

Water Supply Reserve Account – Application Form

Revised October 2013

4. To help us map WSRA projects please include a map (Exhibit B) and provide the general coordinates below:

Latitude:

Longitude:

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 Fort Lyon Canal Company (FLCC) has an immediate and critical need to replace the Horse Creek Flume. The Horse Creek Flume was constructed in 1938, replacing a wooden flume. It is an elevated, 400-foot-long, 10-foot-diameter steel flume that is designed to convey 1,800 cfs in the Fort Lyon Canal over Horse Creek. The location of the flume is provided in Exhibit B.

The FLCC has received condition assessment opinions from three separate Professional Engineers since October of 2014. Each of the engineers has recommended immediate replacement of the Horse Creek Flume. Years of transporting sediment laden canal water has created major abrasion and corrosion issues within the flume, reducing the invert wall thickness to 0" - 0.200". Damage to the steel pipe, combined with significant cracking and deterioration of the concrete foundations, inlet/outlet headwalls and expansion joint, has significantly compromised the structural integrity of the flume. Temporary repairs were made to the flume in March of 2015 with the goal of keeping the flume operational through the 2015 irrigation season. A full condition assessment report with photographs of the existing condition of the flume is provided in Exhibit C.

The flume is scheduled to be replaced during the winter shutdown period between November 15, 2015 and March 15, 2016. After discussing the pros and cons of potential repair and replacement options with two structural engineers on April 23, 2015, the FLCC Board of Directors determined to replace the flume with a new steel flume of comparable dimensions to the existing flume.

A detailed Statement of Work, Schedule, and Budget for the project are provided in Exhibit A.

This is a grant/loan combination. Grant funds requested would be used only for Task 4: Construction. Because the Steel Pipe will need to be ordered well in advance of anticipated construction dates, it will be ordered prior to a *Grant Notice to Proceed*.

Water Supply Reserve Account – Application Form

Revised October 2013

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.)

This is a structural water project, and the applicant, Fort Lyon Canal Company, is an eligible entity.

- a) The water activity is consistent with Section 37-75-102 Colorado Revised Statutes.¹

The project will not supersede, abrogate, or otherwise impair the State's current system of allocating water within Colorado nor does it in any manner repeal or amend the existing water rights adjudication system. The project does not affect the State Constitution's recognition of water rights as a private usufructuary property right nor is it 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.

- 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.

The application was approved by the Arkansas Basin Roundtable at their June 10th, 2015 meeting.

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 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 October 2013

- 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.
- From the Arkansas Basin Implementation Plan's (ArkBIP) Master Needs List: Replace aging infrastructure.
 - ArkBIP Policy Statement: "The preservation of irrigated agriculture in the Arkansas Basin shall be given a high priority in the state water plan. It is too important to tourism, the preservation of food production, recreation, the environment and the health and well-being of our citizens as well as the economy of the State of Colorado."
 - The very real possibility of a failure of this flume and the resulting catastrophic losses to farmers and the agricultural economy of the State of Colorado make this project critical and time-sensitive. An estimated loss of \$50 million per year would result.
- d) Matching Requirement: For requests from the **Statewide Fund**, the applicants will be required to demonstrate a **25 percent** (or greater) match of the total grant request from the other sources, including by not limited to Basin Funds. A minimum match of 5% of the total grant amount shall be from Basin funds. A minimum match of 5% of the total grant amount must come from the applicant or 3rd party sources. 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 contract or purchase order between the applicant and the State of Colorado is executed. 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)

FUNDING SUMMARY		
Fort Lyon Canal Match (15% of total grant request - at least 5% required)		75,000
Basin Grant Funds (10% of total grant request - at least 5% required)		50,000
Statewide Grant Funds (25% of total grant request is met by Ft Lyon & Basin funds)		450,000
CWCB Loan (74% of total project cost - no more than 90% allowed)		1,613,000
TOTAL COST		2,188,000

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 October 2013

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. The applicant should also refer to the Supplemental Scoring Matrix applied to Evaluation Criteria Tiers 1-3 for Statewide Account requests. 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).
 - This project addresses the needs of multiple interests – hundreds of shareholders of the Fort Lyon Canal Company and the Amity Mutual Irrigation Company.
 - It also addresses multiple needs. The water carried by the flume is used predominantly for agricultural purposes, but it also provides water to wildlife areas managed by the BLM.
- 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.
 - Types of entities include agricultural users and the Bureau of Land Management.
 - The number of individuals directly represented in the application is 500 – 1,000. The very nature of a Canal Company is collaborative, and this activity protects 93,000 acres of farmland in three intrabasin counties: Bent, Otero and Prowers. A failure of the flume would affect the entire State of Colorado, and the economic loss is estimated at \$50 million per year due to crop loss. This figure does not measure other interbasin effects that would result – to the economy and potentially to water availability.
- 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.
 - From the Arkansas Basin Implementation Plan’s (ArkBIP) Master Needs List: Replace aging

Water Supply Reserve Account – Application Form

Revised October 2013

infrastructure.

- ArkBIP Policy Statement: “The preservation of irrigated agriculture in the Arkansas Basin shall be given a high priority in the state water plan. It is too important to tourism, the preservation of food production, recreation, the environment and the health and well-being of our citizens as well as the economy of the State of Colorado.”

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).
 - If not funded from this Account, repairs to the Horse Creek Flume would likely be delayed for another year, incurring the very real possibility of catastrophic failure of the flume.
 - The Fort Lyon Canal Company explored financing by conventional means, but a bank loan was ruled out for two reasons: 1) high interest rate that would affect their ability to pay back the loan, and 2) a bank loan would require stockholders to personally put up collateral.
- 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.
 - Fort Lyon Canal Company is making a direct contribution of 15% of the total grant request, and appropriate commitment to the project.

FUNDING SUMMARY		
Fort Lyon Canal Match (15% of total grant request - at least 5% required)		75,000
Basin Grant Funds (10% of total grant request - at least 5% required)		50,000
Statewide Grant Funds (25% of total grant request is met by Ft Lyon & Basin funds)		450,000
CWCB Loan (74% of total project cost - no more than 90% allowed)		1,613,000
TOTAL COST		2,188,000

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.
 - This project helps sustain agriculture, by preventing the potential loss of up to 93,000 acres of irrigated lands, and \$50 million per year.
 - It also meets environmental and recreational needs by preventing the loss of water to wildlife areas.
- 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.
 - The water activity protects the maximum utilization of state waters, by preventing failure of the Horse Creek Flume.
- h. The water activity assists in the recovery of threatened and endangered wildlife species or Colorado State species of concern.

Water Supply Reserve Account – Application Form

Revised October 2013

- i. The water activity provides a high level of benefit to Colorado in relationship to the amount of funds requested.
- j. The water activity is complimentary to or assists in the implementation of other CWCB programs.

Part IV. – Required Supporting Material

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 Fort Lyon Canal diverts water from the Arkansas River at its diversion dam that is located approximately 1.5 miles Southeast of Swink, Colorado as shown on the Project Map provided in Exhibit B. The decreed water rights for the Fort Lyon Canal Company total 933 cubic feet per second (cfs) and are listed below in Table No. 1.

Table 1 - Fort Lyon Canal Company Water Rights

Water Right	Appropriation Date	Flow in cfs
Fort Lyon	4-15-1884	164.64
Fort Lyon	3-1-1887	597.16
Fort Lyon	8-31-1893	171.20

Annual diversions of the Fort Lyon Canal Company from 1911 through 2014 ranged from approximately 57,000 to 500,000 acre-feet with an average annual diversion of about 221,000 acre-feet. The Fort Lyon Canal provides agricultural water to shareholders located in Otero, Bent, Prowers, and Kiowa Counties. The Fort Lyon Canal irrigates approximately 93,000 acres of land with an average annual value of crops produces of more than \$50 million. Failure of the Horse Creek Flume could result in more than \$50 million in lost local revenue to Southeastern Colorado.

In accordance with a 1986 Agreement with the Amity Mutual Irrigation Company, the Fort Lyon Canal Company is required to deliver the original design flow of 1,800 cfs through the Horse Creek Flume, which is the combined decreed capacity of both ditches.

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

Exhibit C, Horse Creek Flume Condition Assessment Summary Report, details the results of an inspection of the flume performed in February, 2015. It includes photos of damage to the structure, details the damage, and recommends immediate replacement.

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

Water Supply Reserve Account – Application Form

Revised October 2013

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

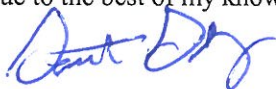
Payment will be made based on actual expenditures and invoicing by the applicant. Invoices from any other entity (i.e. subcontractors) cannot be processed by the State. The request for payment must include a description of the work accomplished by major task, and estimate of the percent completion for 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 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.

Water Supply Reserve Account – Application Form

Revised October 2013

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

Signature of Applicant:



Print Applicant's Name: Fort Lyon Canal ; Garrett Godfrey

Project Title: Replacement of Horse Creek Flume

Date: 9/1/2015

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

Craig Godbout – WSRA Application
Colorado Water Conservation Board
1313 Sherman St., Room 721
Denver, CO 80203
303-866-3441, ext. 3210 (office)
303-547-8061 (cell)
craig.godbout@state.co.us