

# COLORADO WATER CONSERVATION BOARD



## WATER SUPPLY RESERVE ACCOUNT APPLICATION FORM

Today's Date: 12/28/2015

Lake Fork of the Gunnison River Enhancement Project

### Name of Water Activity/Project

Lake Fork Valley Conservancy

### Name of Applicant

Gunnison Basin

Amount from Statewide Account:

\$209,653

Amount from Basin Account(s):

\$23,295

Total WSRA Funds Requested:

\$232,948

### Approving Basin Roundtable(s)

*(If multiple basins specify amounts in parentheses.)*

FEIN: 84-1487921

### 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)

## **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](mailto: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](mailto:craig.godbout@state.co.us).

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

1.	Applicant Name(s):	Lake Fork Valley Conservancy			
	Mailing address:	PO Box 123 Lake City, CO 81235			
	FEIN #:	84-1487921			
	Primary Contact:	Camille Richard	Position/Title:	Executive Director	
	Email:	c.richard@lfvc.org			
	Phone Numbers:	Cell:	970-209-5509	Office:	970-209-5238
	Alternate Contact:		Position/Title:		
	Email:				
	Phone Numbers:	Cell:		Office:	

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.

3. Provide a brief description of your organization

The Lake Fork Valley Conservancy is a non-profit 501(c)3 organization with a mission to facilitate long term environmental and economic sustainability in the headwaters of the Colorado River Basin, focusing on the Lake Fork of the Gunnison and Cebolla Creek valleys. We support and implement collaborative actions that foster land conservation, ecosystem health, and resilient communities. In its 15 year history, LFVC and its partners have successfully implemented a number of restoration and conservation initiatives, including remediation of nine abandoned mine sites, protection of 156 acres of wetlands at Lake San Cristobal, and completion of Phase I of this river project. Total income over the life of the organization exceeds \$2.4 million. Previously the Lake Fork Watershed Stakeholders, LFVC became a fully functioning 501(c)3 non-profit corporation in 2010 and has had direct fiscal oversight of over \$500,000 in grants and donations out of the above total. This includes project and fiscal oversight of Phase I construction for the River Project, primarily funded by the CWCB Water Supply Reserve Account. The organization has an effective Board of Directors with sound fiscal policies in place and is fully insured.

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.

There are no relevant TABOR issues affecting this project.

## Part II. - Description of the Water Activity/Project

1. What is the primary purpose of this grant application? (Please check only one)

<input checked="" type="checkbox"/>	Nonconsumptive (Environmental or Recreational)
<input type="checkbox"/>	Agricultural
<input type="checkbox"/>	Municipal/Industrial
<input type="checkbox"/>	Needs Assessment
<input type="checkbox"/>	Education
<input type="checkbox"/>	Other
Explain: <input type="text"/>	

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

This project addresses municipal needs by protecting a critical flood plain area adjacent to the sewage treatment facility. LFVC is working to acquire this area and restore it to create a functioning riparian zone and floodway and designate it as an open space river park, which will also serve to increase public access and offer high quality recreation for residents and visitors.

3. Is this project primarily a study or implementation of a water activity/project? (Please check only one)

<input type="checkbox"/>	Study	<input checked="" type="checkbox"/>	Implementation
--------------------------	-------	-------------------------------------	----------------

4. To catalog measurable results achieved with WSRA funds can you provide any of the following numbers?

<input type="text"/>	New Storage Created (acre-feet)
<input type="text"/>	New Annual Water Supplies Developed, Consumptive or Nonconsumptive (acre-feet)
<input type="text"/>	Existing Storage Preserved or Enhanced (acre-feet)
<input type="text" value="3400"/>	Length of Stream Restored or Protected (linear feet)
<input type="text"/>	Length of Pipe/Canal Built or Improved (linear feet)
<input type="text"/>	Efficiency Savings (acre-feet/year OR dollars/year – <b>circle one</b> )
<input type="text" value="5"/>	Area of Restored or Preserved Habitat (acres)
<input type="text" value="50%"/>	Other -- Explain: <input type="text" value="Percentage increase in trout biomass"/>

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

Latitude: 38.025532

Longitude: -107.314362

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.

Over the past century, the Lake Fork of the Gunnison and Henson Creek in Lake City, CO, have been significantly modified by channelization, heavy metals, and failure of upstream tailings dams. These changes have led to steep, eroding banks, declining trout populations, and a shallow, braided channel. The Lake Fork Valley Conservancy (LFVC) began a planning process in 2009 to restore over 7,500 linear feet of river through Town. LFVC, in partnership with the Town of Lake City, completed Phase I improvements on lower Henson Creek and at the confluence with the Lake Fork in October 2014, using funds from Colorado Water Conservation Board, Upper Gunnison River Water Conservancy District, Colorado Parks and Wildlife, and local donations. This work covered 3,300 linear feet of river with a combined investment of \$449,320 for both planning and implementation.

The goal of the Lake Fork of the Gunnison River Enhancement Project is to enhance and protect the ecological health and recreational quality of the Lake Fork of the Gunnison and its main tributary, Henson Creek, in the vicinity of Lake City.

Project objectives are to:

- 1) Increase fisheries habitat and riparian quality;
- 2) Improve river hydraulics;
- 3) Improve bank stability to protect private and public riverfront assets; and,
- 4) Provide quality recreational experiences via improved fishing and boating opportunities, safer access to its banks, educational opportunities, and reduction in trespass.

Phase II of the River Project covers 3,400 linear feet of the Lake Fork from Lake City Area Medical Center downstream past the Town sewage treatment facility. Major project components include in-channel improvements and revegetation, installation of an interpretive river trail system with public/private signage, and acquisition of properties and easements to create an open space river park.

River channel improvements and revegetation will enhance aquatic and riparian habitats, stabilize banks, improve hydraulics, and improve recreational experiences for anglers and boaters. The interpretive river trail system will help to increase knowledge and appreciation of the river's rich cultural and natural history and reduce trespass. Acquisition of properties for an open space river park will help preserve key riparian communities that are considered relatively rare, protect an important floodway through Town, and increase the amount of river available to the public.

Total project cost is \$600,470. LFVC is requesting \$232,948 from CWCB WSRA. LFVC has confirmed cash and in-kind funding of \$154,345 and pending grants totaling \$213,177.

### **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.<sup>1</sup>

<sup>1</sup> 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

The project is not anticipated to impact any existing water rights.

- 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 BRTs 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.

This application was submitted to the Gunnison Basin Roundtable on January 1, 2016 for consideration at their February meeting. The Roundtable participants provided input as attached.

- c) The water activity meets the provisions of Section 37-75-104(2), Colorado Revised Statutes.<sup>2</sup> 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.
- 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)

Several matching funds have been procured and are pending for this project (see detailed budget in Statement of Work). Our matching funds will cover revegetation work, interpretive river trail system, and acquisition of land and easements for an open space river park, activities that complement the river channel construction work. We have confirmed cash and in-kind match of \$154,345 and pending grants totaling \$213,177, or 62% of total project cost (\$600,470). If land acquisition costs are removed (see budget summary table), our cost match equals 36% of total project cost (\$363,220) of which 19% is already confirmed funding (Table 1). This amount does not include Gunnison Basin Roundtable, which would contribute

---

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.

<sup>2</sup> 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.

10% of total WSRA funds (\$23,295). Table 1 shows match percentages looking at total project costs with and without land acquisition.

Even if we are unable to procure the pending grants listed in the budget, we will still be able to complete restoration work for the bulk of the stream segment, prioritizing the highly degraded north end that has sustained significant damage from flooding in recent years (Figure 4).

Table 1. Confirmed and Pending Match Sources – Percentage of total Project Cost

SOURCE	With land acquisition		Without land acquisition	
	Amount	Percentage	Amount	Percentage
STATEWIDE WSRA	\$209,653	35%	\$209,653	58%
GUNNISON BASIN WSRA	\$23,295	4%	\$23,295	6%
TOTAL CONFIRMED CASH MATCH	\$109,145	18%	\$61,895	17%
TOTAL PENDING CASH MATCH	\$213,177	35%	\$74,131	17%
TOTAL IN_KIND	\$45,200	8%	\$7,700	2%
TOTAL PROJECT COST	\$733,545	100%	\$499,045	100%

Match sources are the following:

- 1) LFVC received a grant from the CWCB Watershed Restoration Program of \$19,950 to complete the engineered design for 4250 linear feet of river through town. The LFVC matched this amount with \$13,500. The design report will be completed in early 2016. In addition, LFVC will cover costs for permitting of \$500. Prior to this grant, CWCB has invested \$384,060 in Phase I of this project.
  - 2) The LFVC has raised over \$43,000 through their "Build a Trout a Home" fundraising initiative.
  - 3) Upper Gunnison River Water Conservancy District has provided \$12,500 toward land appraisals, river construction and interpretive trail design. LFVC will be submitting a proposal to UGRWCD in February to help cover property acquisition costs, approximately \$50,000.
  - 4) LFVC submitted a proposal to American Rivers to cover revegetation costs, or \$23,400. We will know outcome by end of January 2016.
  - 5) LFVC will be submitting a proposal to EPA Urban Waters/Five Star Restoration Program to help cover river channel construction, for a total of \$37,377.
  - 6) The Town of Lake City will provide equipment and labor toward revegetation and trails work estimated at \$4,200.
  - 7) The Hinsdale County Trails Commission will provide 175 hours of labor toward construction of 1500 feet of river trail at the newly created open space park. This group maintains all trail systems throughout Lake City and up Henson Creek.
  - 8) LFVC has received confirmation of a CPW Fishing is Fun grant in the amount of \$33,000 to help partially cover property acquisition costs. Final contracting will be completed this coming spring.
  - 9) Gates Family Foundation has given the green light to submit a proposal to cover remaining property acquisition costs. The proposal will be submitted in September with a decision in December, 2016.
  - 10) The Gunnison Basin Roundtable will commit 10% of the total WSRA grant amount, or \$23,295.
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).
- 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.
- 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.

Tier 2: Facilitating Water Activity Implementation

- a. 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).
- b. 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.

Tier 3: The Water Activity Addresses Other Issues of Statewide Value and Maximizes Benefits

- a. The water activity helps sustain agriculture & open space, or meets environmental or recreational needs.
- b. 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.
- c. The water activity assists in the recovery of threatened and endangered wildlife species or Colorado State species of concern.
- d. The water activity provides a high level of benefit to Colorado in relationship to the amount of funds requested.
- e. The water activity is complimentary to or assists in the implementation of other CWCB programs.

Environmental and Recreational Values

The project will significantly increase the environmental and recreational amenities for this stretch of river. Fisheries habitat will be improved resulting in greater fish biomass, public access to the river will be safer and of higher quality, boating opportunities will be expanded, and appreciation for our river assets will be promoted. In addition, the physical improvements of the river will complement the chemical remediation occurring in the upper reaches of the watershed by repairing a degraded stretch of river impacted by tailings impoundment breaks and channelization.

The river through the entire project area is a significant segment in the Gunnison Basin's Environmental and Recreational Non-Consumptive Needs Assessment. Henson Creek has been identified as a significant stream segment in the, primarily for environmental criteria (Table 2). Henson is listed on the EPA's 303 (d) list of impaired streams for Cd and Zn (sculpin) and is recommended for environmental remediation, which is underway through cleanup of abandoned mines in the upper watershed. Cleanup of several sites in upper Henson have been completed as of summer of 2015 with significant reduction in metal loading. To complement this work, Phase I river enhancement along lower Henson Creek and the confluence with the Lake Fork was completed in 2013-2014 and successfully addressed the physical impacts from tailings impoundment breaks in the 1960's and 1970's. Attachment 1 is our inspection report from Phase I.

Table 2. Summary of Non-consumptive Needs Assessment for Henson and the Lower Lake Fork.

	Henson Creek	Lake Fork of the Gunnison (in Town)
Attribute 2 - Aquatic-Dependent State Endangered, Threatened, and Species of Concern (including conservation agreement species)		
c. Flannelmouth Sucker	YES	YES
d. Bluehead Sucker		YES
Attribute 3 - Rare Aquatic-Dependent Plants and Significant Riparian/Wetland Plant Communities		
b. Significant Riparian/Wetland Plant Communities (B2 ranked Blue Spruce-Poplar-Alder)	YES	YES
Attribute 4 - Special Value Waters (CWCBC instream flow waters, WQCD Outstanding Waters, Wilderness Area Waters, Eligible/Suitable Wild and Scenic)		
b. CWCBC Instream Flows	YES	YES
Attribute 5 - Whitewater and Flat-water Boating		
a. Kayaking	YES	
b. Rafting and Kayaking		YES
Attribute 6 - Riparian/Wetland Wildlife Viewing and Waterfowl Hunting		
a. Wildlife Viewing and Waterfowl Hunting		YES
Attribute 7 - Significant Cold and Warm-Water Fishing		
b. River and Stream Fishing		YES

In addition, the Lake Fork, which includes the segment through Lake City, is listed in the needs assessment as significant for recreational purposes and is recommended for stream flow augmentation for fisheries (Table 2). While not actually augmenting flows to the Lake Fork as recommended in the needs assessment, the project will complement CWCBC's in-stream flow right by improving the physical habitat for fisheries. Construction of in-channel structures in the Lake Fork will enhance pool development along the river, improving the ability for fish to overwinter and survive drought conditions. This combined with revegetation improves survivability of fish at current in-stream flow rights levels. Enhancements completed during Phase I of the proposed segments and subsequent phases of restoration on the Lake Fork downstream will also help replace up to two miles of Gold Metal waters lost with the construction of Blue Mesa Reservoir. Both rivers also offer good boating opportunities.

The Lake Fork Valley Conservancy has prioritized both chemical and physical improvements to Henson and the Lake Fork as part of its ten-year stewardship plan. Funding from CWCBC will make a significant difference for facilitating an important resource management action as identified in the plan. This action, combined with LFVC's work to improved water quality in this impaired stream through abandoned mine cleanup, effectively addresses both the chemical and physical impacts to this river, thereby improving fisheries habitat.

The LFVC has also identified the importance of designating river front lands as conservation areas. Acquisition of properties for an open space river park will help reestablish key riparian communities that are considered relatively rare, protect an important floodway through Town, and increase the amount of river available to the public. The restoration of this area will enhance habitat and create a mid-town corridor for wildlife that travel through town from surrounding forests.

#### Economic and social importance of the Lake Fork River

The project provides a high benefit to Colorado in relation to the amount of funds requested. Lake City is one of three signature tourist towns connected by the Alpine Loop, the core of the BLM's Alpine Triangle Recreational Management Zone, a 186,000 acre area that draws over 300,000 tourists per year. Consequently, a significant portion of the income of local residents is derived from tourism and services to seasonal home owners. The project reach lies along both the Alpine Loop and Silver Thread Byways. It is also upstream of the Curecanti National Recreation Area. Improving the recreational value of the river through Town only enhances the visitor experience, translating into improved economic conditions for local residents and state coffers.

The interpretive river trail system will help to increase knowledge and appreciation of the river's rich cultural and natural history (See Figure 2). The target audiences are local residents and their children and the numerous seasonal visitors who are repeat visitors to Lake City. Youth and children will be actively introduced to the river trail through formal education programs through the school, the local child care center and the County Public Health Department that runs a youth program in the summer. These programs provide outreach activities to local kids whose parents work and are often unable to participate in many recreational activities.

To date, river users have not really understood where the public-private interface exists and trespass inevitably results. LFVC will clearly demarcate private and public land boundaries along the river using signage. This effort will help to reduce potential conflicts and improve support of local land owners for current and future restoration efforts.

The area proposed for open space protection is the first place people see when they arrive from the north, and is currently an eyesore due to past disturbances. Improving this area creates a highly aesthetic public space that visitors experience as they travel along the Byways, and facilitates a more favorable impression of Lake City as a gateway to the Alpine Loop.

### Project participants and beneficiaries

The project arose from five years of feasibility and planning work with the local community and other stakeholders to define project objectives and activities. Key partners and beneficiaries are highlighted here.

Table 3. Project participants and beneficiaries

Organization/Entity	Roles/Benefits
Lake Fork Valley Conservancy (LFVC)	LFVC serves as the fiscal agent and coordinating entity for the project to ensure timely completion of project milestones. LFVC benefits by having gained valuable project management and transaction experience and achieves a major milestone in their 10 year strategic plan.
Town of Lake City (TLC)	TLC gains public access that will facilitate the continuance of their public trail system to link to BLM's Waterdog Trails. Subsequent river channel improvements reduce flood risk in this area. Public access and improved river in turn attracts more visitors to the area and improves the local economy.
Town and County residents and visitors	Locals and visitors alike will enjoy a more aesthetically pleasing river front, safer access along its banks, a trail system that offers environmental education as well as exercise, and better fishing and boating experiences.
River front land owners	Private land owners along this stretch will benefit from public funding to help with the high costs of river repair in this area. They will also have a more aesthetically pleasing river front with better fishing.
Colorado Water Conservation Board	CWCB has invested over \$400,000 in planning and implementation for this river project since 2009 and will benefit from seeing this project through to completion with Phase II funding.
Gunnison Basin Round Table	GBRT has invested \$28,906 in this project for Phase I. The work addresses their priorities as identified in their non-consumptive needs assessment.
UGRWCD	UGRWCD has annually supported the LFVC since 2008 and invested over \$48,000 in the river project.
CO Division of Parks and Wildlife	DPW has been involved in planning for this project since 2009. Their Fishing is Fun program provided \$25,000 toward the confluence construction and revegetation in Phase I and will provide \$33,000 toward access easements. CPW will hold all public access easements.
Lake City Community School	The LFVC has been engaged with the school for environmental education since 2008. The school will benefit by having a living outdoor laboratory for their students.
Hinsdale County Trails Commission	The Trails Commission will assist LFVC with trail construction and long-term maintenance. They will oversee future riverfront trail construction along this stretch post construction and acquisition.

## Water Supply Reserve Account – Application Form

Revised October 2013

---

### 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 Lake Fork of the Gunnison watershed (HUC 14020002, stream segment COGUUG29) is located in southwestern Colorado, draining 432 square miles on the northeast side of the San Juan Mountains, and is wholly contained within Hinsdale and Gunnison Counties. The Lake Fork is a subunit of the 7,930 square mile Upper Gunnison Watershed (HUC 14020001). The Lake Fork's principal tributary, Henson Creek (stream segment COGUUG30), joins at Lake City and creates a third order stream from this confluence to the river's terminus at Blue Mesa Reservoir, approximately 30 miles downstream. Stream flows in the watershed are seasonally high in May and June due to snowmelt runoff. Flows on the Lake Fork near its terminus range from less than 50 CFS in the winter months to a historic recorded high of 2,700 CFS in May 1984. Stream geomorphological types in the watershed range from A1 (Rosgen classification) in the headwater tributaries to C4 on the lower Lake Fork, with sections of braiding stream channel (D4) in relatively wide valleys. Stream stability ranges from high in entrenched reaches with a stable riparian community to low in reaches with high bed load deposition and/or active stream bank erosion. The majority of Henson Creek and the Lake Fork in the vicinity of Lake City have been channelized, but downstream much remains undisturbed as water flows through relatively inaccessible shallow canyons in the lower watershed.

The Lake City Town Ditch has a decree for an absolute water right of 5.0 cfs with an adjudication date of May 9, 1973, later negotiated to run from 5/1 to 10/1. This equates to a total of 1,517 ac ft/yr. According to the Water Division engineer, water in the ditch was first appropriated for beneficial use on June 8, 1872, but this date is highly suspect due to the fact that Lake City and Hinsdale County were not even settled until 1874. This water right is the single largest right owned by the Town of Lake City and can serve as a source of augmentation water under certain circumstances. Prior to Phase I construction, the ditch was not fully utilized due to restrictions at the head-gate at lower flows. This has been rectified with in-channel improvements and ditch cleaning during Phase I (see Monitoring report in Attachment 1).

The CWCB has an in-stream flow right on the Lake Fork from its confluence with Henson Creek downstream to Blue Mesa Reservoir. The appropriation date is 3/17/1980 and the right ranges from 25 cfs from 10/1 to 4/30 for the winter, while the summer flow is 45 cfs from 5/1 to 9/30. The Town of Lake City's ditch right is senior to this one, but even so, it is not expected that full use of the ditch will adversely impact the CWCB in-stream right except maybe during extreme drought conditions. Channel and riparian improvements will in fact improve fisheries habitat, and thereby complement the existing in-stream flow right. The Town of Lake City is committed to controlling ditch intake during drought conditions so as not to adversely affect in-stream flow rights.

## Water Supply Reserve Account – Application Form

Revised October 2013

---

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

A detailed topographic and cross section survey has been performed of the active channels of the Lake Fork and Henson Creek project reaches to identify bankfull channel geometry, slope, thalweg, pools, riffles, bank height and elevations and scour and deposition features. This topographic data is being used for channel enhancement design. In addition, LIDAR 2' contour and aerial photo data was captured to assist with 100-year floodplain modeling and mapping.

The geographic setting of the project reaches in the volcanic geology of the San Juan Mountains creates conditions of high suspended and bedload sediment that substantially affect the character and behavior of the streams as well as their responses to impacts including historic channelization and proposed enhancements. In order to understand these sediment conditions and sediment transport study was performed over two runoff seasons during high flow conditions. Both suspended sediment and bedload materials were captured along with stream discharge in order to determine the size and quantity of materials that are transported through the river system at various discharges. This information has been incorporated into the channel design helping to understand why certain river features have developed and in identifying the size of materials that must be transported through the system.

Bankfull and 100-year flows have been modeled for the project reaches using HEC-RAS. The current FEMA floodplain maps were created in the 1980's and there has been substantial development within the floodplain through Lake City as well as encroachment along the river. The modeling effort is assisting with enhancement design by identifying the impacts of the proposed features on flood levels as well as identifying the hydraulics of the system that affect sediment transport.

Riparian surveys of Henson Creek and the Lake Fork were completed by the Colorado Natural Heritage Program in 2008 (Figure 7). The riparian corridor of lower Henson is identified as a site of high biodiversity significance, chosen for an excellent (A-ranked) occurrence of the globally vulnerable (G3/S3) thinleaf alder - Drummond's willow tall shrubland (*Alnus incana* - *Salix drummondiana* shrubland) and a good (B-ranked) occurrence of the globally vulnerable (G3/S3) narrowleaf cottonwood - blue spruce / thinleaf alder riparian woodland (*Populus angustifolia* - *Picea pungens* / *Alnus incana* woodland).

Baseline fish shock and macro-invertebrate data have also been collected prior to construction.

Several community outreach events have been held in town to educate residents about the project. One on one meetings with all land owners along the river have been held. We also completed a public survey and received over 100 responses (25% response rate). Overall opinion and support of the project is high, especially in regard to protecting banks and improving fisheries.

A NEPA was completed in June 2013 for the project as part of the USACE permitting process. BLM staff committed their time to this over the winter, using data already collected by the LFVC.

## Water Supply Reserve Account – Application Form

Revised October 2013

---

### 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 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:** Camille Richard, Executive Director, Lake Fork Valley Conservancy

**Project Title:** Lake Fork of the Gunnison River Enhancement Project

**Date:** 12/28/2015

**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](mailto:craig.godbout@state.co.us)