



COLORADO WATER CONSERVATION BOARD

WATER SUPPLY RESERVE ACCOUNT APPLICATION FORM



Today's Date: December 18, 2015

Duke Ditch Piping Project

Name of Water Activity/Project

The Duke Ditch Company

Name of Applicant

Gunnison

Amount from Statewide Account: \$ 47,237

Amount from Basin Account(s): \$ 47,237

Approving Basin Roundtable(s)
(If multiple basins specify amounts in parentheses.)

Total WSRA Funds Requested: \$ 94,474

FEIN: 84-0485377

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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)

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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 (CWCBC). 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 CWCBC 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 CWCBC 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.

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

1.	Applicant Name(s):	The Duke Ditch Company		
	Mailing address:	c/o Scott Kolb PO Box 488 Hotchkiss, CO 81419		
	FEIN #:	84-0485377		
	Primary Contact:	Marley Duclo	Position/Title:	Project Manager
	Email:	m.duclo@tds.net		
	Phone Numbers:	Cell: 970-234-4780	Office:	
	Alternate Contact:	Scott Kolb	Position/Title:	Secretary/Treasurer
	Email:			
	Phone Numbers:	Cell: 970-872-3380	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.

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3. Provide a brief description of your organization

The Duke Ditch Company was incorporated and registered with Colorado Secretary of State in 1920. This mutual ditch company is governed by a board of directors and serves to maintain and administer the delivery of irrigation water diverted from Leroux Creek through the Duke Ditch. The Duke Ditch holds 1892 water rights to divert 7.5 cfs from Leroux Creek, and an additional 2.5 cfs from Barrow Gulch. The Duke Ditch delivers an annual average of 2424 acre-ft of irrigation water to approximately 285 acres.

4. If the Contracting Entity is different then the Applicant (Project Sponsor or Owner) please describe the Contracting Entity here.

Same

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.

NA

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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.

The primary purpose of this project is agricultural irrigation water supply. One of the shareholders is a residential neighborhood, so providing outdoor lawn and garden water supply for these users reduces the local demand from the municipal water supply.

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:

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

Latitude: 38.816144

Longitude: -107.752151

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 Duke Ditch Company plans to pipe the entire 2.7 mile length of their earthen canal. Installation of pipe will provide multiple benefits. The Duke Ditch runs along a steep hillside in the Leroux Creek canyon. Very difficult and costly repairs have been incurred when the ditch washes out in this area. Ditch seepage losses estimated to be 15% of flow diversions will be eliminated, creating a system efficiency savings of 364 acre-feet per year. Water quality will be improved as 383 tons/year of salt are prevented from entering the Colorado River system. Routine ditch maintenance will be greatly reduced.

Basin States Salinity Control Program funding has been awarded for this project, providing approximately 60% of the funds needed to complete the project. The water users commit to provide \$95,000 of funding through a CWCB Water Project Loan. WSRA grants are requested to complete the funding for this project.

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.¹

This project will improve the efficiency of delivering irrigation water in complete accordance with historic administration of existing water rights.

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.

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- 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.

This application will be submitted to the Gunnison Basin Roundtable by January 1, 2016.

- 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.

This project supports the following goals identified in the Gunnison Basin Implementation Plan:

1. Protects existing water uses in the Gunnison Basin;
2. Discourages conversion of productive agricultural land to other uses;
3. Improves ag water supplies to reduce shortages;
4. Identify & address municipal and industrial shortages;
-
6. Improves water quality;
7. ...
8. Restores, maintains and modernizes critical water infrastructure

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.

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- 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)

Basin States Salinity Funds	\$ 464,000	62 %
NRCS Technical Assistance	\$ 100,910	13 %
Gunnison Basin RT WSRA Grant	\$ 47,237	6 %
State WSRA Grant	\$ 47,237	6 %
<u>CWCB Loan</u>	<u>\$ 94,473</u>	<u>13 %</u>
Total Project Costs	\$ 753,857	

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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).

Improving agricultural water use efficiency in the Gunnison Basin has a positive impact on the following issues:

1. Increases the security and efficiency of agricultural water use in the Colorado River, ensuring that agriculture in Western Colorado will continue to maximize the beneficial use of pre-1922 Colorado River water rights;
2. Supports agriculture in Western Colorado to thrive in times of drought, in a future of increased M&I demands both in Colorado and within the entire Colorado River Basin;
3. Improves habitat for threatened and endangered fish in the Colorado River by decreasing agricultural contributions of salt and selenium;
4. Decreased diversions and greater security for meeting Colorado River obligations, while increasing stream flows available for wildlife and recreation may result from increased efficiency of water delivery minimizing system losses.

Letters of support from the Colorado River Basin Roundtable, Town of Hotchkiss, and Colorado Department of Agriculture are included in Exhibit C.

- 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.

NA

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- 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.

SWSI identified a current gap of 128,000 acre-feet in agricultural water supply in the Gunnison Basin. This project directly addresses this gap.

The Duke Ditch also supplies water to a residential area for irrigation of lawns and gardens for 90 households. By improving the efficiency and reliability of this water delivery, these demands are not transferred to the Hotchkiss municipal supply.

Increasing the efficiency of agricultural water use is also essential to address all areas of increased water demand.

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).

WSRA funding is essential for the implementation of this project. While significant funding has been awarded through the BOR-Basin States Salinity Program, the applicant does not have other sources of funding available to complete the financing required. The Duke Ditch's application to the 2015 BOR Basinwide FOA was denied. This current award of \$464,000 funding from the Basin States Program, following an application filed in 2013, is likely the only opportunity for implementation of this project in the foreseeable future. This BSP grant applies to the project as defined, thus completion of a portion of the project is not an option.

- 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.

The Duke Ditch Company is applying for a loan of approximately \$ 95,000 (12% of project funding) to complete this project, to be repaid by increased assessments from its shareholders.

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 directly supports the sustainability of agriculture and the associated open space in Delta County.

- 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.

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This project improves the efficiency of use of compact-entitled waters within the Colorado River Basin, helps meet salinity reduction goals, and promotes the maximum utilization of Colorado's senior (1892) agricultural water rights.

- h. The water activity assists in the recovery of threatened and endangered wildlife species or Colorado State species of concern.

This project assists in the recovery of threatened and endangered fish species in the Colorado River by decreasing agricultural contributions of salt and selenium. The Duke Ditch lies within both the selenium management area and the BOR- Colorado River salinity control program area. According to USGS monitoring and modeling data, agricultural water use in Leroux Creek drainage contributes moderate amounts of both salt and selenium to the Colorado River.

- i. The water activity provides a high level of benefit to Colorado in relationship to the amount of funds requested.

WSRA funds will leverage significant federal funds awarded to this project, increasing the benefit of the state funds. A \$94,474 total Basin + State fund investment will facilitate a \$753,857 benefit.

- j. The water activity is complimentary to or assists in the implementation of other CWCB programs.

This project is compliments CWCB's efforts to:

1. Meet Colorado River compact obligations,
2. Support full utilization of Colorado's pre-compact water rights,
3. Support recovery of threatened & endangered fish in the Colorado River Basin by supporting implementation of Salinity Control projects within the Selenium Management Plan area.

Continued: Explanation of how the water activity/project meets all applicable **Evaluation Criteria**.
Please attach additional pages as necessary.

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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 Duke Ditch holds the following water rights:

<u>Approp.</u>	<u>Adjud.</u>	<u>Amount</u>	<u>Source</u>
1892	1904	2.5 cfs	Leroux Creek
1892	1989	5.0 cfs	Leroux Creek
1892	1904	2.5 cfs	Barrow Gulch

Leroux Creek is tributary to the North Fork of the Gunnison River at Hotchkiss, CO in Delta County.

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

Preliminary planning and engineering design for this project have been completed by the Delta NRCS Field Office. The statement of work is largely based on this work.

The applicant is not aware of any permitting issues.

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.

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

Signature of Applicant:

John A. Hotchkiss

Print Applicant's Name:

JOHN A. HOTCHKISS

Project Title: Duke Ditch Piping Project

Date: January 1, 2016

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)
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