

COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT APPLICATION FORM

Today's Date: May 2, 2016

Fire Mountain Canal Piping Project

Name of Water Activity/Project

Fire Mountain Canal & Reservoir Company

Name of Applicant

Gunnison

Amount from Statewide Account:

\$ 60,000

Amount from Basin Account(s):

\$ 60,000

Total WSRA Funds Requested:

\$ 120,000

Approving Basin Roundtable(s)

(If multiple basins specify amounts in parentheses.)

FEIN: 84-0202551

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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):	Fire Mountain Canal & Reservoir Company	
	Mailing address:	PO Box 544 Hotchkiss, CO 81419	
	FEIN #:	84-0202551	
	Primary Contact:	Dixie Luke	Position/Title: Board President
	Email:	dluke6265@skybeam.com	
	Phone Numbers:	Cell: 970-872-6265	Office:
	Alternate Contact:	Tom Alvey	Position/Title: President, NFWCD
	Email:	mcf@wic.net	
	Phone Numbers:	Cell: 970-712-4030	Office: 970-872-2155

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

Fire Mountain Canal & Reservoir Company was incorporated as a mutual ditch company in 1924 and currently has 485 shareholders. The Company diverts water from the North Fork of the Gunnison River in Gunnison County and Leroux Creek in Delta County, delivering water to approximately 10,000 irrigated acres of primarily grass pasture and alfalfa, with some orchards and grain crops. Irrigation water is typically delivered late April through September, with stock water diverted from Leroux Creek year round.

The Fire Mountain Canal & Reservoir Company, through an agreement with the North Fork Water Conservancy District, is responsible for the operation and maintenance of the 33 mile long Fire Mountain Canal as well as the Paonia Dam and Reservoir, which comprise the Paonia Project, a U.S. Bureau of Reclamation facility. Construction of the Paonia Project including Fire Mountain Canal improvements was completed in 1962.

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 purpose of this project is improved efficiency of agricultural irrigation water supply, and improved water quality from reduced leaching of salt and selenium. The reduction in seepage losses may result in reduced stream diversions, which could increase stream flows and decrease stream temperatures improving fishery and riparian habitats and recreational uses.

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: 38.830084

Longitude: -107.776035

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 planned project includes piping 3.6 miles of the Fire Mountain Canal. The canal is currently an open earthen canal, with some concrete-lined sections and an existing inverted siphon under Leroux Creek. Constructing a new siphon and installing pipe for the last 19,220 LF of the canal will eliminate seepage losses estimated at 900 AF/year and reduce salt contributions to the North Fork of the Gunnison and Colorado River system by 2,365 tons/year. Water conserved by elimination of seepage losses can be stored in Paonia Reservoir, potentially lengthening the irrigation season. The significant reduction in seepage losses to the Fire Mountain Canal system may also result in decreased diversions to the canal from the North Fork of the Gunnison River and Leroux Creek, which could increase downstream flows and decrease stream temperatures improving fishery habitat and recreational benefits.

Total cost of this project is estimated at \$4.466 million. Funding of \$2.954 million has been awarded to this project through the BOR-Basinwide Salinity Control Program, another \$ 1.28 million has been awarded through the NRCS- Lower Gunnison Regional Conservation Partnership Program (RCPP). The grants requested from the Water Supply Reserve Account, along with \$111,342 of local capital resources provided by Fire Mountain Canal & Reservoir Co. and the North Fork Water Conservancy District, will provide the funding needed to bridge these two federal programs and complete the financing required for construction of the 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

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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This project will improve the efficiency of delivering irrigation water in complete accordance with historic administration of 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 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 May 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;
-
6. Improves water quality;
7. Describe and encourage the beneficial relationship between agricultural, environmental and recreational water uses;
8. Restores, maintains and modernizes critical water infrastructure.

This project is also a portion of the Fire Mountain Canal Delivery and Efficiency Project (Ref. No. 5, Table 7- Tier 1 Proposed Basin Projects, Gunnison Basin Implementation Plan). The Gunnison BIP identifies this project as one that does an excellent job of meeting the Basin Goals.

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)

BOR Basinwide Salinity Control Program	\$ 2,954,512	66 %
NRCS – Lower Gunnison RCPP	\$ 1,280,000	29 %
Gunnison Basin RT WSRA Grant	\$ 60,000	1 %
State WSRA Grant	\$ 60,000	1 %
<u>NFWCD/FMC</u>	<u>\$ 111,342</u>	<u>2 %</u>
Total Project Costs	\$ 4,465,853	

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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 CWCBC loan program will receive preference in the Statewide Evaluation Criteria if the grant request is part of a CWCBC loan/WSRA grant package. For these CWCBC loan/WSRA grant packages, the applicant must have a CWCBC 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;
5. Potentially increased stream flows available for wildlife and recreation, and decreased stream temperatures may result from increased efficiency of water delivery minimizing system losses.

Letters of support from the Leroux Creek WUA, Ragged Mountain WUA, Delta County Commissioners, Colorado River Basin Roundtable, Colorado Division of Water Resources, 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.

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NA

- 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.

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 extremely helpful for the implementation of this project. While significant funding has been awarded through the BOR-Basinwide Salinity Program and the NRCS-Lower Gunnison RCPP, the applicant does not have other sources of funding available to complete the financing required. This BOR-Basinwide grant applies to the entire project as defined, thus completion of a portion of the project is not an option. Salt reduction credit in the BOR grant applies to piping stretches of the canal, but does not accrue to required structures.

- 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 North Fork Water Conservancy District and Fire Mountain Canal & Reservoir Company commit \$ 111,342 of funds (2 %) to this project. Federal funds will provide the majority of funding for this project, \$4,234,512 (95%) is committed from the BOR-Basinwide Salinity Control Program and the NRCS-Lower Gunnison RCPP.

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. Increasing the efficiency of the irrigation water delivery system will allow water to be stored in Paonia Reservoir later into the season, potentially lengthening the irrigation season, and facilitating flexibility in reservoir operations for sediment control, and meet environmental or recreational goals.

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- 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.

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 (1883 & 1896) agricultural water rights. This project also involves post-compact water rights for the Fire Mountain Canal expansion (1935) and Paonia Reservoir (1935-1963).

- 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 Fire Mountain Canal 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 high amounts of salt and moderate to high amounts of 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 \$120,000 total Basin + State fund investment will facilitate a \$4.5 million 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 Fire Mountain Canal holds water rights to divert 238 cfs from the North Fork of the Gunnison River. Fire Mountain Canal and Reservoir Company also holds the decrees for rights to divert 197.6 cfs from Leroux Creek into the Leroux Creek Ditch, which joins the Fire Mountain Canal at the siphon outlet on the west side of Leroux Creek.

Paonia Reservoir has a total decreed storage volume of 21,000 acre-feet. Water is released from Paonia Reservoir to the North Fork of the Gunnison then diverted into the Fire Mountain Canal (structure ID 1133; Lat 38.927263 Long -107.478160).

Details of these water rights are included in Exhibit C.

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

Preliminary planning and engineering design for this project has been completed by J-U-B Engineers, including the budget and proposed project map included in this application.

The USBR is finalizing a required easement, the landowner involved has agreed to construction of the new siphon through Leroux Creek. The remainder of the project involves installing pipe along the existing canal alignment which is deeded to the United States of America. A Corps of Engineers Section 404 permit and CDPHE administered Section 402 permit will be secured prior to construction of the siphon.

NEPA requirements including environmental and cultural resources studies, as well as wildlife habitat mitigation will be completed by project consultants with the consultation and oversight of BOR staff and the Fire Mountain Canal staff and board.

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.

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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

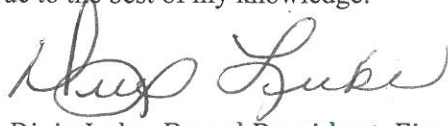
Payment will be made based on actual expenditures and invoicing by the applicant. Invoices from any other entity (i.e. subcontractors) cannot be processed by the State. The request for payment must include a description of the work accomplished by major task, and estimate of the percent completion for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



Print Applicant's Name: Dixie Luke, Board President, Fire Mtn Canal & Reservoir Company

Project Title: Fire Mountain Canal Piping Project

Date: May 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)
craig.godbout@state.co.us