



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Anna Mauss, P.E., Project Manager
Kirk Russell, P.E., Finance Section Chief

DATE: January 23-24, 2017 Board Meeting

CONSENT AGENDA: Item 2a. Change to Existing Loans
Huerfano County Water Conservancy District - Regional Augmentation Project

Introduction

The Huerfano County Water Conservancy District (District) received approval of a \$2,222,000 loan (CT2015-047) for the Regional Augmentation Project (Project) at the September 2013 Board meeting. Subsequently, at the May 2014 Board meeting, the District received approval of \$250,000 in grant funding (GTGG1 2015-528) from the Water Supply Reserve Fund (WSRF) for the Project. The total Project cost was estimated to be \$3,050,000.

The purpose of the Project is to replace depletions from wells in unincorporated communities in Huerfano County through a regional augmentation plan. The original selected alternative included: the purchase of the Camp Ranch and associated water rights, construction of the Red Wing augmentation reservoir; construction of the Camp Ranch recharge facility; and modifications to the Mapes Well No. 1 to convert it from a production well for use as a re-timing well to provide augmentation water directly to the Huerfano River. Since beginning the Project, the construction cost at the Red Wing site turned out to be more expensive than anticipated. As a result the District is completing due diligence on a nearby alternative site (Sheep Mountain Ranch).

At this time, the District is requesting a change to the scope of work to remove the language referring to the Red Wing site and Mapes Well No. 1 and more generally refer to the construction of an augmentation reservoir. This meets the intent of the original Project scope of a Regional Augmentation Project; therefore, staff supports this request.

Staff Recommendation for CWCB Loan CT2015-047

Staff recommends the Board allow Finance Staff to work with the Huerfano County Water Conservancy District to amend Section 2 - Project Description of loan contract CT2015-047. (C150364)

Staff Recommendation for WSRF Grant CTGG1-2015-528

Staff recommends the Board allow Finance Staff to work with the Huerfano County Water Conservancy District to amend Exhibit A - Statement of Work of grant contract GTGG1 2015-528 (C150551).



Background

Within Huerfano County there are many domestic wells that are at risk of being curtailed due to either being out of priority or due to failing (or failed) augmentation plans. The users of these wells include schools, domestic, commercial, and agricultural users.

The District utilized a Substitute Water Supply Plan (SWSP) and a Regional Rule 14 Replacement Plan from 2009 to 2016 to provide augmentation water to entities in danger of having water use curtailed due to out of priority pumping. The entities included: Huerfano County Road and Bridge, Malachite Spring, Co 61 Water Association, Gardner Water and Sanitation District, and Paradise Acres Homeowners Association. The District believes that other water users will find it necessary to join the regional augmentation plan and the Division Engineer has indicated an urgent need for such a plan.

Project Update

The Project has been in progress since the execution of the original loan and grant contracts. Since that time, the District has successfully completed the Camp Ranch water right and land purchase and completed construction of the associated augmentation facilities on the ranch (including augmentation station, storage and recharge pond, measuring devices, metering, etc). It operated under a SWSP from 2014 through 2016 and, as of December 2016, it has a signed Court Decree (2013CW3062) for the regional augmentation plan. As a result, the District now has 25 acre-feet of augmentation water under lease by the 11 current participants.

The District has continued to investigate additional augmentation sites as the construction cost at the originally proposed Red Wing site turned out to be more expensive than anticipated. This was primarily the result of the landowner, who donated the easement, requesting additional finishes on the augmentation pond. These included covering the fabric liner with gravel fines and aggregate, which increased the cost substantially and were expected to impact the operations of the facilities.

The District began due diligence on another site, Sheep Mountain Ranch, for which it already has an easement agreement with the land owner. It is in the process of a title examination, evaluation of the use of existing ditch facilities to fill the potential reservoir, site planning for reservoir excavation, installing piezometers to determine seasonal groundwater conditions at the site, and estimating the costs.

The District intends to develop both the Red Wing and Sheep Mountain sites as the demand for the regional augmentation program continues to increase. Once the District finishes the Sheep Mountain Ranch analysis it will decide which reservoir to build first. In the meantime, the District is asking for flexibility in use of loan and grant funds to potentially request reimbursement for work at the Sheep Mountain Ranch site if it chooses to construct that site first. It will then wait a couple of years until it accumulates adequate tax revenues that will allow it to complete the Red Wing site.

Staff will work with the District to change all references to "Red Wing augmentation reservoir" to "augmentation reservoir", in both the loan and grant contracts, so as to achieve the desired flexibility in the CWCB contract documents.

cc: Michael (Sandy) White, President, Huerfano County Water Conservancy District
Carol Dunn, Secretary to the Board, Huerfano County Water Conservancy District
Jennifer Mele, Colorado Attorney General's Office