



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Craig Godbout
Program Manager - Water Supply Reserve Fund Grant Program
Water Supply Planning Section

DATE: May 17-18, 2017

AGENDA ITEM: 11 (a-b): WSRF Grant Requests

Staff Recommendation - Action Items: WSRF Grant Requests

A summary of staff's recommendation for each WSRF application is provided in the first component of the attached table. If applicable, the table also includes a breakdown of match amounts for applications that include a request for Statewide Account WSRF funds.

Favorable recommendations may be contingent on providing the CWCB with additional information, clarifications, or modifications in the scope of work. Please refer to the Water Activity Summary Sheets contained within this agenda item to find a summary of staff's review and any conditions associated with each recommendation.

Background:

For this agenda item the Board is provided with a brief overview of applications to the Water Supply Reserve Fund (WSRF). Attachments to this memo include:

- Summary spreadsheet detailing funding requests for the basin and statewide accounts;
- Summary spreadsheet displaying current WSRF Balance Summary of Fund Appropriations and Receipts by Fiscal Year, and Fund Distribution by Basin and Statewide Account.
- Water Activity Summary Sheets which provide an overview, discussion, issues/additional needs, and staff recommendation regarding funding, partial funding, or not funding the applications.

Staff's review of the applications involves the following steps:

- 1) Applications are reviewed for completeness based on the information requirements, which are primarily outlined in the Criteria and Guidelines (C&G).
- 2) Applications are reviewed to verify that the water activity meets the eligibility requirements in Section 39-29-108 (III) C.R.S. (C&G, Part 2) and the threshold criteria, which are based on the requirements of Section 39-29-108 (III) C.R.S., and two



sections of the Water for the 21st Century Act (House Bill 1177); Section 37-75-102 and Section 37-75-104(2)(c) (C&G, Part 3). Staff also verifies that the applicant was an eligible entity to receive funding (C&G, Part 2).

- 3) Staff then prepares the Water Activity Summary Sheet which documents the outcome of the review process and contains staff's recommendations.

Water Supply Reserve Fund Balance Summary and Project Status Report:

To provide the Board updates on the status of specific Water Supply Reserve Fund grant applications and projects, staff can provide a status report of the following information upon request:

- List of completed WSRF projects;
- List of WSRF projects in progress; and
- List of WSRF projects in the contracting and procurement process.



Water Supply Reserve Fund Applications for Consideration at the May 2017 CWCB Board Meeting													
Agenda Item	Basin	Applicant	Name of Water Activity	Basin(s) Account Request	Statewide Account Requests	Total Request	Non-WSRF Cash Match	Non-WSRF In-Kind Match	Non-WSRF Total Match	Total Match (Basin & Non-WSRF)	Total Project Costs	Staff Recommendations	PM
11(a)	Rio Grande	Colorado Rio Grande Restoration Foundation	Rio Grande State Wildlife Area Design Project	\$90,000	\$0	\$90,000	\$109,990	\$14,000	\$123,990	\$213,990	\$213,990	Staff recommends approval of up to \$90,000 from the Rio Grande Basin Account.	Megan Holcomb
11(b)	Rio Grande	Trinchera Irrigation Company	Phase II - Engineering Services For Mountain Home Reservoir Dam Outlet Works Upgrade	\$70,000	\$0	\$70,000	\$30,000	\$0	\$30,000	\$100,000	\$100,000	Staff recommends approval of up to \$70,000 from the Rio Grande Basin Account.	Megan Holcomb
Total Requests				\$160,000	\$0	\$160,000							

<u>Basin</u>	<u>Basin Account Requests</u>	<u>Statewide Account Requests</u>	<u>Total Requests</u>	<u>Current Basin Account Balances</u>	<u>Remaining Basin Account Balances (if all requests approved)</u>	<u>Current Statewide Account Balance</u>	<u>Remaining Statewide Account Balance (if all requests approved)</u>
<u>Arkansas Basin</u>	\$0	\$0	\$0	\$9,436	\$9,436		
<u>Colorado Basin</u>	\$0	\$0	\$0	\$244,077	\$244,077		
<u>Gunnsion Basin</u>	\$0	\$0	\$0	\$434,854	\$434,854		
<u>Metro Basin</u>	\$0	\$0	\$0	\$334,337	\$334,337		
<u>North Platte</u>	\$0	\$0	\$0	\$924,700	\$924,700	\$35,379	\$35,379
<u>Rio Grande</u>	\$160,000	\$0	\$160,000	\$303,656	\$143,656		
<u>Southwest</u>	\$0	\$0	\$0	\$227,305	\$227,305		
<u>South Platte</u>	\$0	\$0	\$0	\$337,772	\$337,772		
<u>Yampa/White/Green</u>	\$0	\$0	\$0	\$723,949	\$723,949		
<u>Water Supply Reserve Account Total Requests</u>	\$160,000	\$0	\$160,000	\$3,540,086	\$3,380,086		

COLORADO WATER CONSERVATION BOARD
Water Supply Reserve Fund - Balance Summary
March 2017

3/23/2017

Fund Appropriation and Receipts				
Fiscal Year	Legislative Appropriation	Funds Received	Statewide Account	Basin Account
2006/2007	\$10,000,000	\$10,000,000	\$5,500,000	\$4,500,000
2007/2008	\$6,000,000	\$6,000,000	\$4,200,000	\$1,800,000
2008/2009	\$10,000,000	\$7,000,000	\$4,300,000	\$2,700,000
2009/2010	\$5,775,000	\$5,775,000	\$4,215,750	\$1,559,250
2010/2011	\$6,000,000	\$6,000,000	\$4,380,000	\$1,620,000
2011/2012	\$7,000,000	\$7,000,000	\$4,732,000	\$2,268,000
2012/2013	\$10,000,000	\$7,157,724	\$4,580,943	\$2,576,781
2013/2014	\$10,000,000	\$10,091,639	\$6,458,649	\$3,632,990
2014/2015	\$10,000,000	\$10,000,000	\$6,400,000	\$3,600,000
2015/2016	\$10,000,000	\$9,103,590	\$5,826,298	\$3,277,292
2016/2017	\$0	\$0	\$0	\$0
Interest	N/A	\$2,857,935	\$1,829,078	\$0
Prior Years Interest Adjustment			\$1,028,856	\$0
2014/2015 Interest	N/A	\$ 240,216	\$240,216	\$0
2015/2016 Interest	N/A	\$ 219,458	\$219,458	\$0
2016/2017 Interest	N/A	\$ 135,503	\$135,503	\$0
TOTAL	\$84,775,000	\$81,581,064	\$54,046,751	\$27,534,313

Interest diverted to SW per
DNR reconciliation

Note: The WSRF is a Severance Tax "Tier II" program with 40% of funds distributed on July 1, 30% on January 1, and the final 30% on April 1.
In FY 2008/2009 the final 30% installment of \$3,000,000 was not received due to the State's budgetary shortfall.

In January 2012 interest for the program from its inception to date was credited directly to the Statewide Account.

Interest from January 2012 on is regularly calculated by the Treasury and credited to the Statewide Account.

Fund Distribution					
Basin	Approved Basin Grants	Total Basin Funds	Basin Account Balance	Approved State Grants	Statewide Account Balance
Arkansas	\$3,049,932	\$3,059,368	\$9,436	\$9,421,051	
Colorado	\$2,815,291	\$3,059,368	\$244,077	\$6,283,985	
Southwest *	\$2,832,063	\$3,059,368	\$227,305	\$7,259,911	
Gunnison *	\$2,624,514	\$3,059,368	\$434,854	\$4,619,681	
Metro	\$2,725,031	\$3,059,368	\$334,337	\$7,501,732	
North Platte	\$2,134,668	\$3,059,368	\$924,700	\$540,942	
Rio Grande	\$2,755,712	\$3,059,368	\$303,656	\$10,385,323	
South Platte *	\$2,721,596	\$3,059,368	\$337,772	\$7,184,112	
Yampa/White	\$2,335,419	\$3,059,368	\$723,949	\$814,635	
TOTAL	\$23,994,226	\$27,534,313	\$3,540,087	\$54,011,372	\$35,379
TOTAL APPROVED GRANTS				\$78,005,598	

Note: Only includes grants approved by CWCB

Water Supply Reserve Fund – Grant and Loan Program
Water Activity Summary Sheet
May 17-18, 2017
Agenda Item 11(a)

Applicant & Grantee: Colorado Rio Grande Restoration Foundation
Water Activity Name: Rio Grande State Wildlife Area Design Project
Water Activity Purpose: Agricultural Implementation
County: Rio Grande
Drainage Basin: Rio Grande
Water Source: Rio Grande
Amount Requested: \$90,000 Rio Grande Basin Account
Matching Funds: Applicant Match = \$123,990

- 137.8% of the Basin Account request (meets 25% min)
- 57.9% of the total project cost of \$213,990

Staff Recommendation:

Staff recommends approval of up to \$90,000 from the Rio Grande Basin Account to help fund the project titled: Rio Grande State Wildlife Area (RGSWA) Design Project.

Water Activity Summary: WSRF grant funds, if approved, will help the Colorado Rio Grande Restoration Foundation improve agricultural irrigation infrastructure while addressing multiple environmental and recreational concerns. The RGSWA Design Project plans to stabilize 1000 ft. of stream, restore one acre of habitat, and develop designs for three diversion improvement projects. The designs include the survey and permitting for improvements to the San Luis Valley (SLV) Canal Headgate, Centennial Ditch Diversion, and the Rio Grande 2 Diversion, resulting in three ‘shovel ready’ improvement projects. The implementation of these projects, along with the proposed streambank stabilization and riparian restoration will significantly improve river health and water quality for fisheries, support a safer river for recreation, increase agricultural diversion efficiency, and protect the water supply to the complex wetland system on the RGSWA. The project brings together a diverse group of project partners united with a common goal to improve the river for agriculture, community enjoyment, and wildlife that depend on riparian ecosystems.

Discussion: As described in the Rio Grande Basin Roundtable Chair’s Recommendation Letter, this project was supported and recommended for approval by the roundtable on March 14, 2017. Currently, the Rio Grande flowing through the RGSWA is unstable. River dynamics are eroding streambanks at an accelerated rate near water control infrastructure, threatening water delivery the SLV Canal and the Centennial Ditch, as well as the Colorado Parks and Wildlife (CPW) siphon. Under flood conditions, CPW managers are concerned that the Rio Grande will wash away the siphon and change channel course, cutting off water delivery to the Centennial Ditch. This would eliminate CPW’s ability to maintain the 100 acres of critical wetlands that are irrigated by the siphon and Centennial Ditch. This project addresses these concerns and protects critical wetland and riparian habitat through streambank stabilization, riparian restoration, and the replacement of aging irrigation infrastructure.

The project meets the following Rio Grande Basin Implementation Plan Goals numbers 1, 2, 4, 5, 6, 9, 11, 12, and 14. In addition to meeting numerous BIP goals, the project aligns with the Colorado Water Plan’s policy to identify and implement projects to meet community and agricultural water needs, while balancing the needs of the environment and recreation (see Critical Goals and Actions as identified in *Chapter 10.3.D: Agriculture, 10.3.E. Storage, and 10.3.F. Watershed Health, Environment, and Recreation.*)

Issues/Additional Needs: No issues or additional needs have been identified.

Eligibility Requirements: The application meets requirements of the three subsections of the Eligibility Requirements: General Eligibility, Entity Eligibility, and Water Activity Eligibility.

Funding Match Requirements: This application meets the Basin Account Matching requirements.

Evaluation Criteria: This activity has undergone review and evaluation and staff has determined that it satisfies the Evaluation Criteria. Please refer to Basin Roundtable Chair’s Recommendation Letter and the WSRF Grant Application for applicant’s detailed response.

Funding Summary / Matching Funds:

<u>Funding Source</u>	<u>Cash</u>	<u>In-Kind</u>	<u>Total</u>
CPW Wetlands Program	\$24,990	\$0	\$24,990
Colorado Parks & Wildlife	\$0	\$10,000	\$10,000
Great Outdoors Colorado Habitat Restoration	\$25,000	\$0	\$25,000
North American Wetlands Conservation Act (pending)	\$60,000	\$0	\$60,000
Colorado Rio Grande Restoration Foundation	\$0	\$4,000	\$4,000
Subtotal	\$109,990	\$14,000	\$123,990
WSRF Rio Grande Basin Account	\$90,000	\$0	\$90,000
Total Project Costs	\$199,990	\$14,000	\$213,990

CWCB Project Manager: Megan Holcomb

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. Information will be made widely available to Basin Roundtables and the general public and will help promote the development of a common technical platform. In accordance with the revised WSRF Criteria and Guidelines, staff would like to highlight additional reporting and final deliverable requirements specified below.

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 scope of work including a description of any major issues that have occurred and any corrective action taken to address these issues.

Final Deliverable: The applicant shall provide the CWCB a final report summarizing project completion that may contain photographs, meeting summaries, and engineering reports.

Engineering: All engineering work (as defined in the Engineers Practice Act (§12-25-102(10) C.R.S.)) performed under this grant shall be performed by or under the responsible charge of a professional engineer licensed by the State of Colorado to practice engineering.

Water Supply Reserve Fund – Grant and Loan Program
Water Activity Summary Sheet
May 17-18, 2017
Agenda Item 11(b)

Applicant & Grantee: Trinchera Irrigation Company

Water Activity Name: Phase II – Engineering Services for Mountain Home Reservoir Dam Outlet Works Upgrade

Water Activity Purpose: Agricultural Study

County: Costilla

Drainage Basin: Rio Grande

Water Source: Trinchera Creek

Amount Requested: \$70,000 Rio Grande Basin Account

Matching Funds: Applicant Match = \$30,000

- 42.9% of the Basin Account request (meets 25% min)
- 30% of the total project cost of \$100,000

Staff Recommendation:

Staff recommends approval of up to \$70,000 from the Rio Grande Basin Account to help fund the project: Phase II - Engineering Services for Mountain Home Reservoir Dam Outlet Works Upgrade

Water Activity Summary: WSRF grant funds, if approved, will help Trinchera Irrigation Company (TIC) engineer and design replacement gates at Mountain Home Reservoir and ultimately restore severely deteriorated outlet works at the dam. Restoring the outlet works stops costly water losses, provides decreed surface flows for irrigation, reduces reliance on groundwater pumping, and meets several consumptive and nonconsumptive criteria of the Rio Grande Basin plan for meeting future water demands. TIC will complete Phase II engineering studies prior to undertaking the state-mandated repair and replacement of two, possibly all three, gates at Mountain Home Reservoir (gate #1 operates poorly and the other two have not been opened in several decades). TIC has a long-standing agreement with Colorado Parks and Wildlife (CPW) to make every effort to avoid emptying the reservoir or reducing its level lower than the 653 acre-foot (AF) conservation pool. Funds will be used to (1) evaluate alternatives, long term improvements, and develop engineering recommendations and safe storage methods; (2) develop construction cost estimates; (3) develop a Loan Feasibility Study Report and CWCB Loan Application; (4) conduct site reconnaissance; (5) develop preliminary design drawings and specs; (6) draft and deliver final design, construction schedule, and cost estimate.

Discussion: CWCB previously funded \$25,000 for Phase I, the feasibility and preliminary field studies, which was completed in July 2016. Upon completion of this Phase II engineering study, TIC intends to submit a Phase III application requesting funds from both the Basin and Statewide accounts to include a CWCB loan component. Mountain Home Lake is a State Wildlife Area, providing valuable recreational and environmental assets in Costilla County, in which only 2% of the land is public. Depending on the storage elevation the gate leakage has resulted in an average of 170 AF/month of storage water loss over the past ten years, or 1,190 AF annually. At a CWCB-

acknowledged estimated valuation of \$250 per AF, this is a one year loss of \$297,500, or almost \$3 million over the past decade. A majority of the acreage served by TIC can be irrigated with both surface and ground water, but for the past ten years, due to drought conditions, TIC has had to prematurely release water from Mountain Home during irrigation season, tapping reservoir supplies sooner than necessary to meet shortfalls in late summer and early fall. The Mountain Home project is listed in the Rio Grande Basin Implementation Plan (IPP #12) as meeting three basin needs and five basin goals (#4-7, 14). Additionally, this project assists in several Colorado Water Plan Critical Goals and Actions as identified in the following targets: *10.3.A. Supply-Demand Gap*: Protect and develop compact entitlements and manage risks, *10.3.E. Storage*: Prioritize grants to support the implementation of BIP-identified multi-purpose projects, and *10.3.F. Watershed Health, Environment, and Recreation*.

Issues/Additional Needs: No issues or additional needs have been identified.

Eligibility Requirements: The application meets requirements of the three subsections of the Eligibility Requirements: General Eligibility, Entity Eligibility, and Water Activity Eligibility.

Funding Match Requirements: This application meets the Basin Account Matching requirements.

Evaluation Criteria: This activity has undergone review and evaluation and staff has determined that it satisfies the Evaluation Criteria. Please refer to Basin Roundtable Chair’s Recommendation Letter and the WSRF Grant Application for applicant’s detailed response.

Funding Summary / Matching Funds:

<u>Funding Source</u>	<u>Cash</u>	<u>In-Kind</u>	<u>Total</u>
Trinchera Irrigation Co.	\$13,000	\$0	\$13,000
Trinchera Blanca Foundation	\$17,000	\$0	\$17,000
Subtotal	\$30,000	\$0	\$30,000
WSRF Rio Grande Basin Account	\$70,000	\$0	\$70,000
Total Project Costs	\$100,000	\$0	\$100,000

CWCB Project Manager: Megan Holcomb

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Final Deliverable: The applicant shall provide the CWCB a final report summarizing project completion that may contain photographs, meeting summaries, and engineering reports.

Engineering: All engineering work (as defined in the Engineers Practice Act (§12-25-102(10) C.R.S.)) performed under this grant shall be performed by or under the responsible charge of a professional engineer licensed by the State of Colorado to practice engineering.