

San Miguel River Pilot Project

(Work Order POGG1 PDAA 20160000000000000800)

CWCB Final Report

June 4, 2021

Background

This grant was awarded to support a Southwest Basin Roundtable (SWBRT) led effort to develop a better understanding of environmental and recreational (E&R) water supply needs in southwest Colorado, and to encourage discussion of cooperative projects to address identified gaps. Per the recommendation of its E&R Subcommittee, the SWBRT opted to begin the process through a pilot project in the San Miguel basin. Trout Unlimited agreed to be the fiscal sponsor for the project and the San Miguel Watershed Coalition agreed to conduct outreach to gain input from water users within the basin. Funding for the San Miguel Stream Management Plan Pilot Project (San Miguel SMP Pilot) was secured from the CWCB's Water Supply Reserve Fund and Watershed Restoration Fund. A Notice to Proceed for the combined grants was issued on March 22, 2016 with an expiration date of June 1, 2018. On May 21, 2018, the term of the grant was extended until May 31, 2021.

As formulated by the E&R Subcommittee, approved by the SWBRT, and funded by the CWCB, the San Miguel SMP Pilot sought to (1) develop an E&R water supply needs assessment for the San Miguel River, and (2) conduct public outreach to identify collaborative projects to address identified E&R water supply gaps.

Progress Between March 2016 and May 2018

In April of 2016, Lotic Hydrological was selected to perform the E&R water supply needs assessment. Working with the E&R Subcommittee, Lotic developed an approach that looked at the river hydrology and compared it with an assessment of flows needed to maintain channel dynamics, riparian health, aquatic habitat, and boating and fishing recreation. A draft assessment was completed by Lotic in April of 2017 and shared with the Roundtable E&R Subcommittee. After several iterations incorporating the subcommittee's comments, a draft San Miguel Pilot Project: Environmental and Recreational Needs Assessment (E&R Needs Assessment) was presented to the SWBRT at their April 2017 meeting and subsequently shared with the public. The draft report was also provided to the CWCB on September 22, 2017, as part of Trout Unlimited's six-month report.

The San Miguel Watershed Coalition, responsible for outreach, conducted multiple meetings with individuals and entities in the San Miguel basin to describe the project and its purposes, share the draft E&R Needs Assessment, and begin exploring potential collaborative projects to

address identified water supply gaps. The Coalition held 12 meetings with stakeholders in the West End, including the Board of Trustees of Nucla and Naturita, the CC Ditch Board, and the representative of Tri-State Generation, as well as with Marc Catlin who was overseeing the Montrose County Reservoirs Project. The Coalition also met with representatives of the Norwood Water Commission, the boards of Farmers Ditch and the San Miguel Water Conservancy District, as well as with Mark and Sandy Ragsdale, the local water commissioners. The Coalition reached out to the Lone Cone Ditch President several times but did not receive a response. On the East End, Coalition representatives met with representatives of the towns of Telluride and Mountain Village, San Miguel County, and a number of outfitters and recreational water users. Finally, the Coalition met with or received input from BLM, USFS and CPW hydrologists and fish biologists.

On September 8, 2017, the Coalition, with the assistance of Mike Preston, the Chair of the Roundtable, held a public meeting in Naturita to discuss Lotic's draft E&R Assessment and initiate discussions on potential collaborative projects to address identified gaps.

Soon thereafter, CC Ditch representatives sent a letter to the Southwestern Water Conservation District and appeared before the SWBRT to express concerns with Tasks 4 and 5 specified in the CWCB contract's Statement of Work. Task 4 contemplates the identification of up to ten structural projects or management alternatives to address gaps identified in the E&R Needs Assessment. Task 5 provides for modeling the effects of implementation of the Task 4 projects in addressing said gaps. In essence, stakeholders expressed fear that projects involving their water rights would be identified and targeted and their water rights negatively impacted. While this result could not be farther from the intent of Task 4 specifically or the San Miguel Pilot project in general, it became very clear that these perceptions were interfering with the ability to proceed with Phase II in its current configuration.

Consequently, the Coalition and TU called for a E&R Subcommittee meeting to discuss a path forward for the Pilot project in light of the new developments. After thoughtful discussion, the subcommittee recommended the postponement of Tasks 4 and 5 pending a more focused and intensive stakeholder effort co-led by agricultural and E&R interests and reflecting a balance of participants representing both interests at the table. The thought was that, upon completion of the stakeholder effort, and assuming consensus on cooperative projects was reached, Tasks 4 and 5 would be completed. The subcommittee presented this approach to the SWBRT which unanimously supported the recommendation.

Based on the described developments, TU recommended that implementation of Tasks 4 and 5 under the grant be postponed pending additional, focused stakeholder dialogue, and that the term of the grant be extended until May 21, 2021.

Progress Between May 2018 and May 2021

Following the pathway approved by the SWBRT, a focused stakeholder process was initiated. Kenny Heldman, president of the board of directors of the CC Ditch, and Celene Hawkins, of The Nature Conservancy, agreed to become co-chairs of the stakeholder effort.

A new grant application for the additional stakeholder effort was applied for by the SWBRT, with San Juan Resource Conservation and Development Council (SJRCDC) as the fiscal sponsor and Stacy Baugh of Strategic by Nature as the Project Manager. The grant (POGG1,PDAAC,201900002864) was approved by the CWCB on April 29, 2019 and it is set to expire on December 31, 2022.

Progress reports, describing progress with the stakeholder effort have been submitted by Strategic by Nature and SJRCDC since TU's last report on this grant on May 15, 2018. In essence, once formed, the stakeholder group expressed a desire to delve into and fully understand the 2017 Draft E&R Assessment. The effort required a significant amount of time from Lotic Hydrological, the author of the Assessment. In addition, the stakeholder group requested to incorporate an evaluation of hydrological changes expected in the San Miguel River due to climate change and growth into the E&R Assessment. This analysis was also completed by Lotic Hydrological. ***The stakeholder group gave final approval to the E&R Assessment on March 3, 2021, at which point the E&R Assessment for the San Miguel River Basin became final.***

It bears noting that stakeholder meetings since March of 2020 were held virtually. The group decided early on that discussion of specific projects to meet the gaps identified in the E&R Assessment were to be held in person. Because in person meetings were not possible, progress on Task 4 (identification of projects and/or water management changes) was limited, restricted to a general discussion and consensus on an approach to evaluate risks and benefits of potential projects and developing maps identifying priority areas which will assist in project discussions once the group can again meet in person (expected in July 2021). No progress could be made on Task 5 (quantification of impacts of projects and/or water management changes on E&R needs).

Under the circumstances, and understanding that the term of this 2015 grant would not be further extended, TU requested permission to shift funds from Tasks 4 and 5 to Tasks 2 and 6, to pay for Lotic's additional work on the E&R Assessment and for a portion of the additional public outreach. TU's final reimbursement request reflects this shift.

Summary of Accomplishments

- An E&R Water Supply Needs Assessment endorsed by a stakeholder group with broad water user representation.
- Significant improvement in communications on water matters between the East (upstream) end and the West (downstream) end of the San Miguel River basin.
- Paving the way for the development of cooperative projects to address E&R and other water-related needs, once in-person meetings resume.

Summary of Budget Spent and Task Completion

Task	Description	CWCB WSRA Funds (Total Grant Amount)	Invoiced WSRF	Amount Remaining WSRA	CWCB CWRP Funds (Total Grant Amount)	Invoiced CWRP	Amount Remaining CWRP	Percent Complete
1	Characterize Ecosystem Attributes	\$1,034.03	\$1,034.03	\$0.00	\$2,068.00	\$2,068.03	-\$0.03	100.0%
2	Evaluate Ecosystem State Variables	\$19,121.32	\$19,121.32	\$0.00	\$34,792.53	\$34,792.53	\$0.00	100.0%
3	Evaluate Recreational User Preferences	\$1,723.39	\$1,723.39	\$0.00	\$3,446.72	\$3,446.72	\$0.00	100.0%
4	Identify Alternative Management Actions and Projects	\$3,872.52	\$3,432.50	\$440.02	\$8,594.92	\$7,304.11	\$1,290.81	86.1%
5	Evaluate Effects of Management	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
6	Administer CWCB grant; report as needed	\$6,508.98	\$6,278.36	\$230.62	\$8,162.84	\$8,162.84	\$0.00	98.4%
	TOTALS	\$32,260.24	\$31,589.60	\$670.64	\$57,065.01	\$55,774.23	\$1,290.78	97.8%

Lessons Learned

The purpose of a pilot project is to explore a selected path forward, allowing for the evaluation of advantages and disadvantages of any given approach. Lessons from the San Miguel Pilot Project include:

1. Roundtable participation through its E&R Subcommittee in the development of the E&R Needs Assessment was extremely helpful and beneficial to the entire process. However, in spite of representing a broad range of water interests, Roundtable approval did not translate into approval from water users in the San Miguel basin.
2. Development of E&R water supply needs assessments is a fairly straight forward, brief and relatively inexpensive process that yields good local-scale information. Educating water users and obtaining their buy-in requires significant time and resources. Developing sufficient trust to initiate a discussion about potential cooperative projects to address identified gaps takes even longer.