



Last Updated: May 2021

Colorado Water Conservation Board
Water Plan Grant Application

Instructions

To receive funding for a Water Plan Grant, applicant must demonstrate how the project, activity, or process (collectively referred to as “project”) funded by the CWCB will help meet the measurable objectives and critical actions in the Water Plan. Grant guidelines are available on the CWCB website.

If you have questions, please contact CWCB at (303) 866-3441 or email the following staff to assist you with applications in the following areas:

Water Storage & Supply Projects	Matthew.Stearns@state.co.us
Conservation, Land Use Planning	Kevin.Reidy@state.co.us
Engagement & Innovation Activities	Ben.Wade@state.co.us
Agricultural Projects	Alexander.Funk@state.co.us
Water Sharing & ATM Projects	Alexander.Funk@state.co.us
Environmental & Recreation Projects	Chris.Sturm@state.co.us

FINAL SUBMISSION: Submit all application materials in one email to waterplan.grants@state.co.us in the original file formats [Application (word); Statement of Work (word); Budget/Schedule (excel)]. Please do not combine documents. In the subject line, please include the funding category and name of the project.

Water Project Summary	
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Name of Applicant	The Fort Lyon Canal Company	
Name of Water Project	Fort Lyon Water Sharing Project	
CWP Grant Request Amount		\$ 50,000
Other Funding Sources	_____	\$
Other Funding Sources	_____	\$
Other Funding Sources	_____	\$
Applicant Funding Contribution		\$ 35,000
Total Project Cost		\$ 85,000



Last Updated: May 2021

Applicant & Grantee Information	
Name of Grantee(s)	Fort Lyon Canal Company
Mailing Address	750 Bent Ave., Las Animas, CO 81054
FEIN	84-0579583
Organization Contact	Burt Heckman
Position/Title	Director and Secretary of the Board of Directors
Email	burtwfs@gmail.com
Phone	719-688-4520
Grant Management Contact	Amy Van Horn
Position/Title	Water Master
Email	info@lcc.net
Phone	719-456-0720
Name of Applicant (if different than grantee)	
Mailing Address	
Position/Title	
Email	
Phone	
Description of Grantee/Applicant	
Provide a brief description of the grantee's organization (100 words or less).	
<p>The Fort Lyon Canal Company (Fort Lyon") is a mutual ditch company responsible for delivering irrigation water to approximately 94,000 acres north of the Arkansas River. The Fort Lyon Canal headgate is located three miles northwest of La Junta and has operated since 1860. The Canal has direct low water rights totaling 933 c.f.s. and extends 113 miles east to Lamar. Fort Lyon also operates the Fort Lyon Storage Canal which diverts upstream and extends 50 miles to Fort Lyon's Horse Creek and Adobe Creek Reservoirs. In 2021 Fort Lyon levied assessment on 93,989.41 shares of capital stock.</p>	



Last Updated: May 2021

Type of Eligible Entity (check one)	
	Public (Government): Municipalities, enterprises, counties, and State of Colorado agencies. Federal agencies are encouraged to work with local entities. 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.
X	Private Incorporated: Mutual ditch companies, homeowners associations, corporations.
	Private Individuals, Partnerships, and Sole Proprietors: Private parties may be eligible for funding.
	Non-governmental organizations (NGO): Organization that is not part of the government and is non-pro fit in nature.
	Covered Entity: As defined in Section 37-60-126 Colorado Revised Statutes .

Type of Water Project (check all that apply)	
X	Study
	Construction
	Other

Category of Water Project (check the primary category that applies and include relevant tasks)	
X	<p>Water Storage & Supply - Projects that facilitate the development of additional storage, artificial aquifer recharge, and dredging existing reservoirs to restore the reservoirs' full decreed capacity, multi-beneficial projects, water sharing agreements, Alternative Transfer Methods, and those projects identified in basin implementation plans to address the water supply and demand gap. <i>Applicable Exhibit A Task(s):</i></p> <p>Note: For Water Sharing Agreements or ATM Projects - please include the supplemental application available on the CWCB's website.</p>
	<p>Conservation and Land Use Planning - Activities and projects that implement long-term strategies for conservation, land use, water efficiency, and drought planning. <i>Applicable Exhibit A Task(s):</i></p>
	<p>Engagement & Innovation - Activities and projects that support water education, outreach, and innovation efforts. <i>Applicable Exhibit A Task(s):</i></p>
	<p>Agricultural - Projects that provide technical assistance and improve agricultural efficiency. <i>Applicable Exhibit A Task(s):</i></p>
	<p>Environmental & Recreation - Projects that promote watershed health, environmental health, and recreation. <i>Applicable Exhibit A Task(s):</i></p>



Last Updated: May 2021

	Other	Explain:
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Location of Water Project

Please provide the general county and coordinates of the proposed project below in **decimal degrees**. The Applicant shall also provide, in Exhibit C, a site map if applicable.

County/Countries	Otero, Bent, Prowers and Kiowa Counties (See map attached)
Latitude	
Longitude	

Water Project Overview

Please provide a summary of the proposed water project (200 words or less). Include a description of the project and what the CWP Grant funding will be used for specifically (e.g., studies, permitting process, construction). Provide a description of the water supply source to be utilized or the water body affected by the project, where applicable. Include details such as acres under irrigation, types of crops irrigated, number of residential and commercial taps, length of ditch improvements, length of pipe installed, and area of habitat improvements, where applicable. If this project addresses multiple purposes or spans multiple basins, please explain.

The Applicant shall also provide, in Exhibit A, a detailed Statement of Work, Budget, Other Funding Sources/Amounts and Schedule.



Last Updated: May 2021

The Project has three phases: (1) develop the legal/technical framework for efficient, voluntary water sharing project administered by Fort Lyon; (2) obtaining legal/administrative approvals; and (3) implementation. This application seeks funding for Phase 1 to develop a framework that addresses barriers to implementation of individual shareholder water sharing projects including: high transaction costs, lack of permanence of supply, infrastructure needs, and adverse impacts to other shareholders and local economies.

Fort Lyon organized a shareholder committee in 2019 to study alternatives to traditional buy-and-dry transactions. The Committee interviewed representatives of DWR, Colorado Springs Utilities, commissioners for Otero, Bent and Prowers Counties, New Cache la Poudre board of directors, Super Ditch members and other stakeholders. Fort Lyon also invested in infrastructure improvements including upgrades to its Horse Creek augmentation station, replacing the Adobe Creek Reservoir outlets and completing engineering plans to enlarge Adobe Creek Reservoir. Phase 1 will build on the Committee’s work through additional outreach, education, partnership building and engagement of professionals to provide legal, engineering, and economic expertise on reducing/eliminating barriers by creating greater certainty to participants, protecting non-participating shareholders, reducing transaction cost through centralization, and using a portfolio approach to increase the supply available to the Project.

Measurable Results	
To catalog measurable results achieved with the CWP Grant funds, please provide any of the following values as applicable:	
	New Storage Created (acre-feet)
	New Annual Water Supplies Developed or Conserved (acre-feet), Consumptive or Nonconsumptive
	Existing Storage Preserved or Enhanced (acre-feet)
	Length of Stream Restored or Protected (linear feet)
	Efficiency Savings (indicate acre-feet/year OR dollars/year)
	Area of Restored or Preserved Habitat (acres)
15,000 AF	Quantity of Water Shared through Alternative Transfer Mechanisms or water sharing agreement
	Number of Coloradans Impacted by Incorporating Water-Saving Actions into Land Use Planning
	Number of Coloradans Impacted by Engagement Activity



Last Updated: May 2021

	Other	Explain:
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Water Project Justification

Provide a description of how this water project supports the goals of [Colorado's Water Plan](#), the [Analysis and Technical Update to the Water Plan](#), and the applicable Roundtable [Basin Implementation Plan](#) and [Education Action Plan](#). The Applicant is required to reference specific needs, goals, themes, or Identified Projects and Processes (IPPs), including citations (e.g. document, chapters, sections, or page numbers).

The proposed water project shall be evaluated based upon how well the proposal conforms to Colorado's Water Plan Framework for State of Colorado Support for a Water Project (CWP, Section 9.4, pp. 9-43 to 9-44;)

The lower Arkansas Valley, including lands under the Fort Lyon Canal, has experienced irrigation agriculture losses due to municipal/industrial water transfers and transfers to augment wells and other uses. This reduction in irrigated acreage has led to adverse impacts to other shareholders and economic challenges for local communities/counties. Fort Lyon through its shareholder committee is working to develop an efficient, voluntary Water Sharing Project to meet the municipal/industrial water gap without permanent reduction of irrigated acreage or adverse impacts to non-participating shareholders, aquatic resources, wetlands and fish/wildlife habitat.

Colorado Springs Utilities, for example, has identified a municipal/industrial gap of 25,000 AF to be met through water sharing agreements in the Arkansas Valley. It is estimated that at least 15,000 AF could be provided through a water sharing program with Fort Lyon. A centralized water sharing program administered by Fort Lyon will increase available supplies and reduce transaction costs by providing a portfolio approach to spread the opportunities and burdens of the Project among a greater number of participants. The Fort Lyon Water Sharing Project will also provide a secondary revenue stream for participants to invest in their agricultural operations and enhance the local economies that are largely dependent upon irrigated agriculture.

Related Studies

Please provide a list of any related studies, including if the water project is complementary to or assists in the implementation of other CWCB programs.

- 2008 Lower Arkansas WCD Rotational Land Fallowing
- 2013 CO State University Implementation of Deficit Irrigation
- 2015 Lower Ark Valley WCD Rotational Catlin Canal
- 2017 New Cache Irrig. Co. Water Market Strategy
- 2019 Palmer Land Trust Bessemer ATM
- 2020 Lower Ark Valley WCD Ag Muni Conservation Easement



Last Updated: May 2021

Previous CWCB Grants, Loans or Other Funding	
List all previous or current CWCB grants (including WSRF) awarded to both the Applicant and Grantee. Include: 1) Applicant name; 2) Water activity name; 3) Approving RT(s); 4) CWCB board meeting date; 5) Contract number or purchase order; 6) Percentage of other CWCB funding for your overall project.	
Fort Lyon Canal Company; Replacement of Horse Creek Flume; Arkansas Basin RT; September 17, 2015; Loan CT2016-1987 and Grant CT2016-1548; Loan \$1,629,130; Grant \$500,000.	
Fort Lyon Canal Company; Adobe Creek Reservoir Dam Rehabilitation; Arkansas Basin RT; September 20, 2017; Loan CT2018-1960 Grant CTGG1 2018-806; Loan \$8,181,000; Grant State Wide Account \$1,000,000 and Arkansas Basin Account \$100,000.	
Taxpayer Bill of Rights	
The Taxpayer Bill of Rights (TABOR) may limit the amount of grant money an entity can receive. Please describe any relevant TABOR issues that may affect your application.	
Not Applicable as the Grantee is not subject to TABOR.	

Submittal Checklist	
X	I acknowledge the Grantee will be able to contract with CWCB using the Standard Contract .
X	Statement of Work ⁽¹⁾
X	Budget & Schedule ⁽¹⁾
n/a	Engineer's statement of probable cost (projects over \$100,000)
n/a	Letters of Matching and/or Pending 3 rd Party Commitments ⁽¹⁾
X	Map (if applicable) ⁽¹⁾
n/a	Photos/Drawings/Reports
X	Letters of Support (Optional)
X	Certificate of Insurance (General, Auto, & Workers' Comp.) ⁽²⁾
X	Certificate of Good Standing with Colorado Secretary of State ⁽²⁾
X	W-9 ⁽²⁾
n/a	Independent Contractor Form ⁽²⁾ (If applicant is individual, not company/organization)

Last Updated: May 2021

Water Sharing Agreements and Alternative Transfer Methods ONLY	
X	Water Sharing Agreements and Alternative Transfer Methods Supplemental Application ⁽¹⁾

(1) Required with application.

(2) Required for contracting. While optional at the time of this application, submission can expedite contracting upon CWCB Board approval.

Last Updated: May 2021

ENGAGEMENT & INNOVATION GRANT FUND SUPPLEMENTAL APPLICATION

Introduction & Purpose

Colorado’s Water Plan calls for an outreach, education, public engagement, and innovation grant fund in Chapter 9.5.

The overall goal of the Engagement & Innovation Grant Fund is to enhance Colorado’s water communication, outreach, education, and public engagement efforts; advance Colorado’s water supply planning process; and support a statewide water innovation ecosystem.

The grant fund aims to engage the public to promote well-informed community discourse regarding balanced water solutions statewide. The grant fund aims to support water innovation in Colorado. The grant fund prioritizes measuring and evaluating the success of programs, projects, and initiatives. The grant fund prioritizes efforts designed using research, data, and best practices. The grant fund prioritizes a commitment to collaboration and community engagement. The grant fund will support local and statewide efforts.

The grant fund is divided into two tracks: engagement and innovation. The Engagement Track supports education, outreach, communication, and public participation efforts related to water. The Innovation Track supports efforts that advance the water innovation ecosystem in Colorado.

Application Questions

*The grant fund request is referred to as “project” in this application.

Overview (answer for both tracks)
In a few sentences, what is the overall goal of this project? How does it achieve the stated purpose of this grant fund (above)?
Who is/are the target audience(s)? How will you reach them? How will you involve the community?
Describe how the project is collaborative or engages a diverse group of stakeholders. Who are the partners in the project? Do you have other funding partners or sources?



Last Updated: May 2021

Describe how you plan to measure and evaluate the success and impact of the project?
What research, evidence, and data support your project?
Describe potential short- and long-term challenges with this project.

Please fill out the applicable questions for either the Engagement Track or Innovation Track, unless your project contains elements in both tracks. If a question does not relate to your project, just leave it blank. Please answer each question that relates to your project. Please reference the relevant documents and use chapters and page numbers (Colorado's Water Plan, Basin Implementation Plan, PEPO Education Action Plan, etc.).

Engagement Track
Describe how the project achieves the education, outreach, and public engagement measurable objective set forth in Colorado's Water Plan to "significantly improve the level of public awareness and engagement regarding water issues statewide by 2020, as determined by water awareness surveys."
Describe how the project achieves the other measurable objectives and critical goals and actions laid out in Colorado's Water Plan around the supply and demand gap; conservation; land use; agriculture; storage; watershed health, environment, and recreation; funding; and additional.
Describe how the project achieves the education, outreach, and public engagement goals set forth in the applicable Basin Implementation Plan(s).



Last Updated: May 2021

Describe how the project achieves the basin roundtable's PEPO Education Action Plans.

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Innovation Track

Describe how the project enhances water innovation efforts and supports a water innovation ecosystem in Colorado.

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Describe how the project engages/leverages Colorado's innovation community to help solve our state's water challenges.

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Describe how the project helps advance or develop a solution to a water need identified through TAP-IN and other water innovation challenges. What is the problem/need/challenge?

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Describe how this project impacts current or emerging trends; technologies; clusters, sectors, or groups in water innovation.

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Last Updated: May 2021

Colorado Water Conservation Board
Water Plan Grant - Exhibit A

Statement Of Work	
Date:	December 1, 2021
Name of Grantee:	Fort Lyon Canal Company
Name of Water Project:	Fort Lyon Water Sharing Project
Funding Source:	Colorado Water Plan
Water Project Overview:	
<p>Since 2019, Fort Lyon has been studying alternatives to traditional buy-and-dry transactions to provide other options to its shareholders and to reduce the loss of irrigated lands under its system located in Otero, Bent, Prowers and Kiowa Counties. The reduction in irrigated acreage in the lower Arkansas Valley and within the Fort Lyon system has led to adverse impacts to other shareholders, loss of habitat for wildlife and aquatic species, and economic challenges for local communities/counties. Fort Lyon is working to develop an efficient, voluntary Water Sharing Project to meet the municipal/industrial water gap without permanent reduction of irrigated acreage or adverse impacts to non-participating shareholders, aquatic resources, wetlands and fish/wildlife habitat.</p> <p>The Project has three phases: (1) develop the legal/technical framework for efficient, voluntary water sharing administered by Fort Lyon; (2) obtaining legal/administrative approvals; and (3) implementation. This application seeks funding for Phase 1 to develop a framework that addresses barriers to implementation of individual shareholder water sharing projects including: high transaction costs, lack of permanence of supply, infrastructure needs, and adverse impacts to other shareholders and local economies.</p> <p>Phase 1 will build on Fort Lyon’s shareholder committee’s efforts through additional outreach, education, partnership building and engagement of professionals to provide legal, engineering, and economic expertise on reducing/eliminating barriers by creating greater certainty to participants, protecting non-participating shareholders, reducing transaction cost through centralization, and using a portfolio approach to increase the supply available to the Project.</p>	
Project Objectives:	



Last Updated: May 2021

The objective of the Fort Lyon Water Sharing Project is for Fort Lyon to take a proactive approach in combating speculation and to take an active role in addressing the Arkansas River water supply gap by developing an additional water to meet the municipal/industrial gap without the permanent loss of irrigated acreage through a water sharing program managed by Fort Lyon. A centralized water sharing program administered by Fort Lyon will increase available supplies and reduce transaction costs by providing a portfolio approach to spread the opportunities and burdens of the Project among a greater number of participants. The Fort Lyon Water Sharing Project will also provide a secondary revenue stream for participants to invest in their agricultural operations and enhance the local economies that are largely dependent upon irrigated agriculture. Preservation of irrigated acreage will help to sustain existing wildlife habitat, aquatic resources and wetlands that are dependent on continued irrigation of land within the Fort Lyon system.

Tasks
Task 1 – Outreach, Education, Partnership Building
Description of Task:
Task 1 will continue the Fort Lyon Shareholder Committee’s efforts to educate shareholders on options to the traditional buy-and-dry transactions, to determine the level of participation that could be expected in an water sharing program managed by Fort Lyon and to develop support from interested water sharing partners including augmentation groups, municipal providers, agribusinesses, lending institutions and industrial users.
Method/Procedure:
Task 1 will include surveys and meetings with shareholders, interested partners, local governments, representatives from Super Ditch, Southeastern Water Conservation District, and the Lower Arkansas Water Conservancy District, as well as other stakeholders to develop a better understand the barriers to implementing a water sharing project and the potential bene its of such a project.
Deliverable:
Sign In Sheets and Summary of Stakeholder Feedback from each meeting/survey.

Tasks
Task 2 – Understanding the Economics of a Water Sharing Project
Description of Task:
Task 2 will involve engaging an economist with experience in water sharing projects to obtain feedback from stakeholders to understand (1) the inancial structure that would be required to achieve a true partnership between the water right owner and the end user, (2) socioeconomic impacts to communities including main street businesses supported by local agriculture, and (3) infrastructure and administration costs in order to design an ef icient water sharing project that reduces transactions costs that have been prohibitive for most individual water sharing or ATM projects under the Fort Lyon system.
Method/Procedure:

Last Updated: May 2021

The economist will review any available information that has been developed by Bent County (or other entities) specific to economic impacts of water transfers, interview stakeholders including, but not limited to, the Fort Lyon Board of Directors, shareholders that may be interested in participating in the Project, County Commissioners for Otero, Bent, Prowers and Kiowa Counties, City Administrators, agricultural business owners, officials from the Southeastern Water Conservation District to understand the economic impact of Project Water and commingling plans that could be affected, and potential end users including municipalities, industrial users, new agribusinesses, and augmentation entities.

Deliverable:

The economist will provide a report summarizing their findings and providing recommendations of how to design the Project to maximize the economic benefits to participants and avoid adverse impacts to non-participating shareholders and other stakeholders.

Tasks

Task 3 - Understanding the Technical/Engineering Requirements of a Water Sharing Project

Description of Task:

Task 3 will involve engaging a structural engineer and water rights engineer or hydrologist with experience in water sharing projects to evaluate infrastructure improvements that will be necessary for the Project (augmentation stations, enlargement of storage structures, and pipelines) and to provide an estimate of those costs and timing to complete. The water rights engineer will provide recommendations regarding farm specific HCU analyses or ditch-wide quantifications, advise regarding water right administration of the water sharing project including potential impacts from exchange potential, water quality impacts, project water and the winter water program, and terms and conditions required to prevent injury to other non-participating shareholders or other water rights.

Method/Procedure:

The structural engineer will review the existing infrastructure and obtain an understanding from the water rights engineer, DWR, and the Board of Directors for Fort Lyon regarding any additional infrastructure that may be necessary and perform preliminary design work to provide cost estimates and timing for full design and construction. The water rights engineer will work with DWR, the Board of Directors for Fort Lyon, interested shareholders and other stakeholders to provide recommendations regarding HCU quantification methods and the amount of marketable water that could be produced through a water sharing program.

Deliverable:

The engineers will each provide a report summarizing their findings and providing recommendations on how to overcome technical barriers to implementation of a water sharing project.

Tasks

Task 4 - Understanding the Legal Requirements and Barriers of a Water Sharing Project

Description of Task:



Last Updated: May 2021

Task 4 will involve engaging an attorney to advise regarding the regulatory, legal and administrative approvals required under existing law and policy to implement the water sharing project and cost estimates for obtain those approvals. The attorney will also work with the engineer and stakeholders to identify possible other water sharing methods that would require a change in law or policy to meet the supply gaps.

Method/Procedure:

The attorney will work with the Board of Directors for Fort Lyon as well as other stakeholders, the engineer and environmental/revegetation consultants to understand the legal requirements of the project and any potential barriers to obtaining the necessary regulatory, administrative or legal approvals. The attorney will also identify and recommend changes to law and policy that would bene it the water sharing project.

Deliverable:

The attorney will provide a general summary of their findings and a determination of whether there are any fatal laws in obtaining necessary approvals. This summary will be provided in lieu of a full report that could result in unauthorized disclosure of attorney-client privileged materials or information.

Tasks

Task 5 - Understanding the Environmental Challenges of a Water Sharing Project

Description of Task:

Task 5 will involve engaging environmental consultants and soil sciences/revegetation specialists to understand the environmental impacts of a water sharing project and advise how to minimize or avoid adverse impacts to water quality, aquatic resources, soil health, wetlands, and wildlife habitat. The environmental consultants will also assist in evaluating any permitting requirements resulting from installation of new infrastructure necessary to operate the water sharing project. Fort Lyon completed a similar analysis related to the proposed enlargement of Adobe Creek Reservoir in November of 2021.

Method/Procedure:

The environmental consultants will build on work that has already been performed in relation to other water sharing and revegetation projects. The environmental consultants will work with the county commissioners on 1041 permitting requirements and consult with federal or state agencies on permitting requirements for the Project. The revegetation specialist will evaluate the lands that could be temporarily fallowed and recommend treatments and practices to prevent adverse environmental impacts from wind or water erosion, noxious weed invasion, and recommend ways to preserve or enhance wildlife habitat and wetlands.

Deliverable:

The environmental consultants will provide reports summarizing their findings and providing recommendations of how to design the Project to minimize any environmental impacts, and to identify any barriers or fatal laws resulting from the permitting requirements for the Project.

Budget and Schedule



Last Updated: May 2021

This Statement of Work shall be accompanied by a combined Budget and Schedule that reflects the Tasks identified in the Statement of Work and shall be submitted to CWCB in excel format.

Reporting Requirements

Progress Reports: The applicant shall provide the CWCB a progress report every 6 months, beginning from the date of issuance of a purchase order, or the execution of a contract. The progress report shall describe the status 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 Report: At completion of the project, the applicant shall provide the CWCB a Final Report on the applicant's letterhead that:

- Summarizes the project and how the project was completed.
- Describes any obstacles encountered, and how these obstacles were overcome.
- Confirms that all matching commitments have been fulfilled.
- Includes photographs, summaries of meetings and engineering reports/designs.

The CWCB will pay out the last 10% of the budget when the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the purchase order or grant will be closed without any further payment.

Payment

Payment will be made based on actual expenditures and must include invoices for all work completed. The request for payment must include a description of the work accomplished by task, an estimate of the percent completion for individual tasks and the entire Project in relation to the percentage of budget spent, identification of any major issues, and proposed or implemented corrective actions.

Costs incurred prior to the effective date of this contract are not reimbursable. The last 10% of the entire grant will be paid out when the final deliverable has been received. All products, data and information developed as a result of this contract must be provided to as part of the project documentation.

Performance Measures

Performance measures for this contract shall include the following:

- (a) Performance standards and evaluation: Grantee will produce detailed deliverables for each task as specified. Grantee shall maintain receipts for all project expenses and documentation of the minimum in-kind contributions (if applicable) per the budget in Exhibit C. Per Water Plan Grant Guidelines, the CWCB will pay out the last 10% of the budget when the Final Report is completed to the satisfaction of CWCB staff. Once the Final Report has been accepted, and final payment has been issued, the purchase order or grant will be closed without any further payment.

(b) Accountability: Per Water Plan Grant Guidelines full documentation of project progress must be submitted with each invoice for reimbursement. Grantee must confirm that all grant conditions have been complied with on each invoice. In addition, per Water Plan Grant Guidelines, Progress Reports must be submitted at least once every 6 months. A Final Report must be submitted and approved before final project payment.



Last Updated: May 2021

(c) Monitoring Requirements: Grantee is responsible for ongoing monitoring of project progress per Exhibit A. Progress shall be detailed in each invoice and in each Progress Report, as detailed above. Additional inspections or field consultations will be arranged as may be necessary.

(d) Noncompliance Resolution: Payment will be withheld if grantee is not current on all grant conditions. Flagrant disregard for grant conditions will result in a stop work order and cancellation of the Grant Agreement.

WATER SHARING AGREEMENTS AND ALTERNATIVE TRANSFER METHODS SUPPLEMENTAL APPLICATION

Introduction & Purpose

The Colorado Water Plan sets a goal of supporting alternative transfer methods (“ATMs”) and water-sharing agreements that address water supply gaps, while minimizing permanent dry-up of irrigated agriculture and reducing socioeconomic impacts to communities from traditional “buy-and-dry” transactions. ATMs and water-sharing agreements include a variety of approaches such as short-term leases and interruptible water supply agreements. ATMs and water-sharing agreements can meet a variety of water supply needs including drought recovery, environmental and recreational flows, groundwater sustainability, and compact compliance.

Colorado Water Plan grant funding for water-sharing agreements and alternative transfer methods aims to address the key barriers to the adoption, promote innovative uses of these tools to address water supply challenges, and encourage the development of projects that demonstrate the feasibility of water-sharing agreements and ATMs as a water supply tool. The grant fund prioritizes the development of new water-sharing arrangements and ATMs that seek to address an identified water supply gap, while generating significant regional and community benefit, and answer known research gaps in project development. Funding may be utilized for all stages of the water-sharing agreement and ATM project development process, but cannot be used for participation in any water court proceeding.

Application Questions

*The grant fund request is referred to as “project” in this application.

Does the proposed project build upon the work of former alternative water transfer methods and water sharing agreements, address critical barriers that have been identified (e.g. permanency, risk, infrastructure) in the Colorado Water Plan, or help address known research gaps? Does the proposed project address one or more key recommendation(s) in the 2020 [“Alternative Transfer Methods in Colorado” status report?](#)

The Fort Lyon Water Sharing Project builds upon prior projects managed by the Lower Arkansas Water Conservancy District including the Rotational Land Fallowing Project, Catlin Canal Project, and Super Ditch. Fort Lyon is also incorporating elements of the Water Marketing Strategy implemented by the New Cache Irrigation Co. and the LAWMA-Colorado Springs Utilities Water Sharing Project that is operated within the Fort Lyon system and is pending in Case No. 19CW3036.

The Fort Lyon Water Sharing Project is intended to provide 15,000 AF to address the municipal/industrial water gap in the lower Arkansas Basin while removing barriers that have hindered individual shareholder water sharing projects including: high individual transaction costs, lack of permanency of supply for the municipal/industrial end user; infrastructure challenges; adverse impacts to non-participating shareholders and socio-economic impacts on communities and business that rely on a thriving agricultural economy. An efficient, voluntary Water Sharing Project managed through a central entity - the Fort Lyon Canal Company - allows the opportunities and burdens of the Project to be spread among a greater number of participants while providing a permanent supply without permanent dry-up. Fort Lyon, as demonstrated through its recent infrastructure improvements at the Horsecreek Flume and Adobe Creek Reservoir, in part funded

with WSR Grants/Loans, Fort Lyon has the financial ability to fund and manage infrastructure improvements that may be necessary for operation of the water sharing plan.

Does the proposed project address a specific water supply shortfall and provide benefits to multiple sectors, including agricultural, municipal/industrial, environmental, and recreation sectors? How and to what extent the proposed project will improve water supply reliability in general in the region upon implementation of the project (e.g. reducing conflict over water resource management, increasing resilience to drought, sustaining agricultural and rural communities, etc.)?

There are two primary water supply gaps that the Fort Lyon Water Sharing Project is intended to address. The municipal/industrial supply gap and new agribusiness development. Colorado Springs Utilities has quantified its supply gap from the Arkansas River as 25,000 AF. Based on the overappropriated status of the Arkansas River Basin, new agribusinesses, such as dairy operations, meat processing plants, and feedlots, rely completely on new supplies developed through water sharing or augmentation plans.

Are there complex issues, including issues of law or policy, that would need to be resolved before the project could be implemented? Can the project be implemented under existing legal frameworks? Does the project have local support and include diverse partnerships? Does the project complement or help implement other ongoing or recent planning or programming efforts in the project region?

Fort Lyon organized a shareholder committee in 2019 to explore water sharing options and evaluate challenges or barriers to the Project. The committee reported strong interest in participating among shareholders who would benefit from another revenue stream without having to permanently sell their water assets. The committee also reported that there is strong interest in preventing speculation by third parties that are purchasing farms under the Fort Lyon system for the value of the water with the intent to profit from future transfers to new uses outside the Fort Lyon system. The Project would be complimentary to the efforts of Super Ditch to provide a viable alternative to speculation and the traditional buy-and-dry transfers that have adversely impacted the lower Arkansas Valley historically. The County Commissioners from Otero, Bent and Prowers Counties also voiced support for a lease program. A letter of support from the Otero County Commissioners is attached. Bent County worked extensively with Fort Lyon in revising their 1041 Regulations to provide flexibility and encourage water sharing projects.

The shareholder committee reported that shareholders are interested in a true partnership with the end users, meaning that the financial benefits and opportunities for growth and prosperity are shared more equitably, as well as the burdens. Similar responses were received from end users that recognized water sharing projects involve long term commitments that require financial and operational success on both sides. The Fort Lyon Water Sharing Project is intended to open up the door to a new approach to partnerships between agricultural producers and end users.

The Fort Lyon Water Sharing Project can be implemented under existing legal framework. ATM and Water Sharing Projects are an evolving area of law and policy as Colorado works to find innovative ways to address its water supply gaps. A significant portion of the work to be done in Phase 1 is to understand the existing legal and policy challenges and to attempt to design a Project that works

within the current framework and to identify areas where policy changes could ensure greater success.

INVOICE TRACKING DETAIL

INVOICE TO:	Colorado Water Conservation Board									
	1313 Sherman St. Rm. 721									
	Denver, Co 80203									

Project Name:

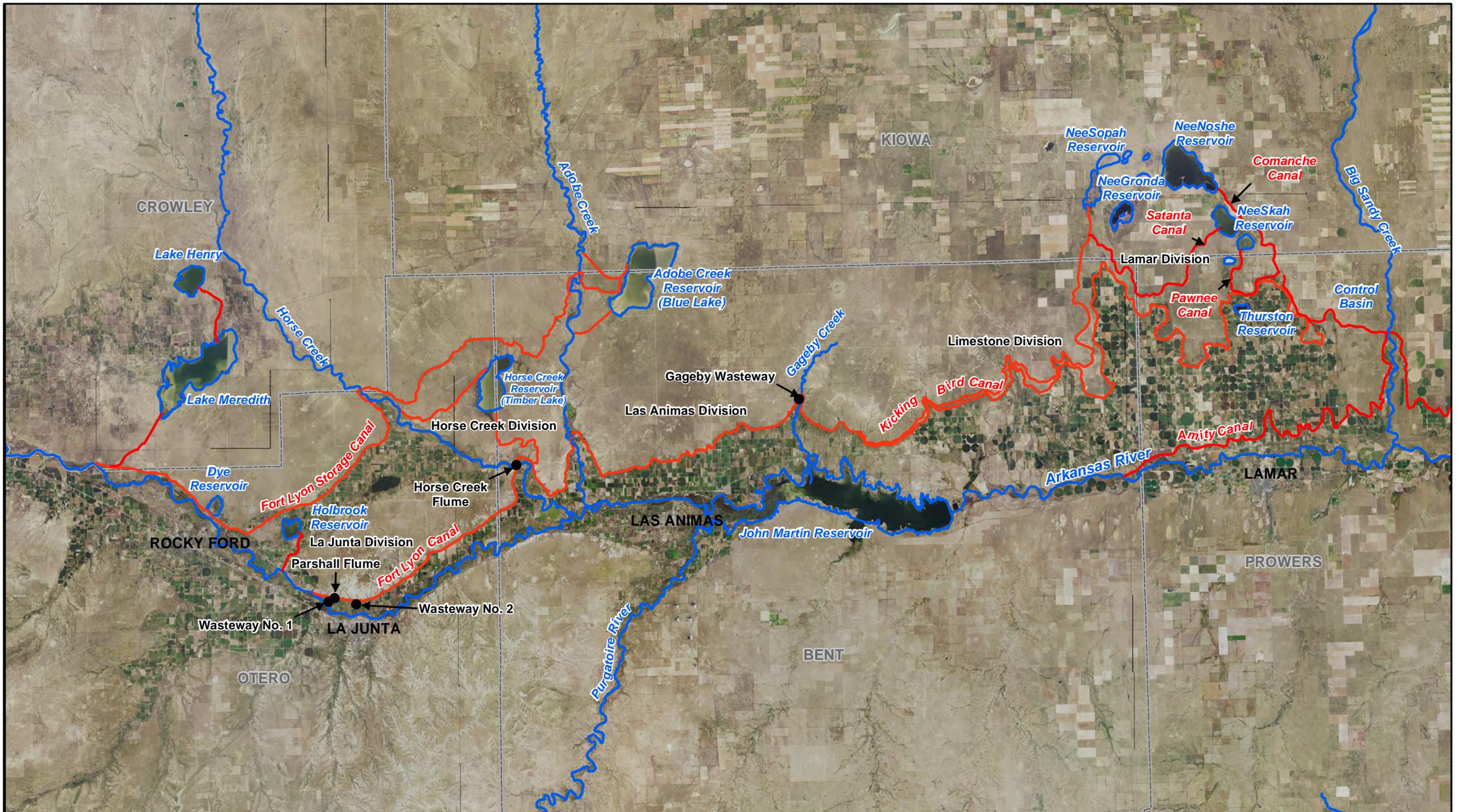
Grantee:	Fort Lyon Water Sharing Project									
Address:	750 Bent Avenue									
	Las Animas, CO 81054									
Phone No.:	719-456-0720									
CWCB Contract or										
Grant Amount:										
Date of Invoice:										

TASK	DESCRIPTION	Total Budget/Grant Funds (all)	Grant Funding/Matching	In-Kind/Cash	Grant Funding	Previously Invoiced	Current Invoice	Schedule*	Remaining Water Plan Total	Percent Complete
1	Outreach/Education/Partnership Building	\$15,000	\$5,000	\$10,000				Completed by November	\$0.00	0.0%
2	Economics	\$15,000	\$10,000	\$5,000				Completed by November	\$0.00	0.0%
3	Technical/Engineering	\$25,000	\$20,000	\$5,000				Completed by June 2023	\$0.00	0.0%
4	Legal	\$10,000	\$0	\$10,000				Completed by June 2023	\$0.00	0.0%
5	Environmental	\$20,000	\$15,000	\$5,000				Completed by June 2023	\$0.00	0.0%
	Subtotal									
	TOTALS	85,000.00	50,000.00	35,000.00	0.00	0.00	\$0.00		0.00	

Submitted by:	Amy Van Horn									
Title:	Water Master									
Signature:										

Tasks 1 and 2 will be completed by November 2022 to provide feedback to Fort Lyon shareholders at their annual meeting in December 2022. Tasks 3 and 5 will use all of 2022 for study and observation of the Fort Lyon Canal and Storage Canal operations to understand seasonal fluctuations in the River and the Canals. The Engineering and Environmental consultants will provide their final reports by the end of June 2023. Task 4 will support and advise as necessary as the other Tasks are being completed and will have the final summary drafted by June 2023. Final Grant Reporting requirements will be completed by November 2023 to allow for a final report to stockholders at the annual meeting in December 2023.

NOTE: This spreadsheet is intended to track your cumulative expenses as they occur for each invoice for grant funding only. Insert your allocated budget in the appropriate task column for each grant and draw down from the remitted invoice(s). Please provided an updated file with each invoice request along with all supporting documents.



Helton & Williamsen, P.C.	
Drawn by: ACO	Checked by:
File: Fort_Lyon_System_11x17.mxd	
Job No. F104	Date: 9/21/2011
	Rev. Date: 10/5/2018



FIGURE 1
Location Map
Fort Lyon Canal Company
System
 August 26 - September 15, 2017 NAIP Imagery

Arkansas Basin Roundtable

November 16, 2021

Via Electronic Mail: ben.wade@state.co.us

Mr. Ben Wade
Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

Re: Colorado Water Plan Grant Application: *Fort Lyon Water Sharing Project*

Dear Ben:

At its November 10, 2021 meeting, the Arkansas Basin Roundtable (ABRT) approved support of the Fort Lyon Canal Company's request for \$50,000 in Water Plan Grant funds for the Fort Lyon Water Sharing Project. The applicant is providing \$35,000 in matching funds.

This project supports the goals of the Colorado Water Plan and the ABRT Implementation Plan by developing collaborative solutions between municipal and agricultural water users to make up to 15,000 acre feet available to meet the municipal/industrial gap without permanent loss of irrigated acreage. The Fort Lyon Water Sharing Project seeks to develop a voluntary water sharing project using a portfolio approach that builds on lessons learned from existing Arkansas Basin ATM/water-sharing projects to address barriers to implementation including: high transactions costs, lack of permanence of supply, infrastructure needs and adverse impacts to other shareholders and local economies.

The ABRT approved supporting this application by consensus and there were no dissenting views.

Should you have any questions or concerns, please feel free to contact me either by telephone, (719) 668-8028, or by email.

Thank you,



Mark Shea
Chair

Copy via email: Applicant; Needs Assessment Chair



Keith Goodwin - Commissioner Dist. 1
John Hostetler - Commissioner Dist. 2
Jim Baldwin - Commissioner Dist. 3
Amy White-Tanabe - County Administrator
Nathan Shultz - County Attorney

Office of the Commissioners

August 9, 2019

Dale Mauch, President
Fort Lyon Canal Company
750 South Bent Avenue
Las Animas, CO 81054

Mr. Mauch,

The Otero County Board of County Commissioners would support further evaluation of the feasibility of Fort Lyon Canal share owners leasing their water shares to other entities.

Please reach out if you require further information.

Sincerely,

Keith Goodwin, Chairman
Otero County Board of Commissioners

John Hostetler
Otero County Commissioner

Jim Baldwin
Otero County Commissioner



OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

THE FORT LYON CANAL COMPANY

is a

Nonprofit Corporation

formed or registered on 07/10/1897 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 19871024942 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 11/29/2021 that have been posted, and by documents delivered to this office electronically through 11/30/2021 @ 16:08:50 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 11/30/2021 @ 16:08:50 in accordance with applicable law. This certificate is assigned Confirmation Number 13617879 .



A handwritten signature in blue ink that reads "Jena Griswold". The signature is written in a cursive style and is positioned above a horizontal line.

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. Fort Lyon Canal Company, Inc.	
2 Business name/disregarded entity name, if different from above	
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ▶ _____	
5 Address (number, street, and apt. or suite no.) See instructions. 750 Bent Avenue	Requester's name and address (optional)
6 City, state, and ZIP code Las Animas, CO 81054	
7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
or									
Employer identification number									
8	4		0	5	7	9	5	8	3

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶ <i>Karla Smiff</i>	Date ▶ 10/19/21
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

