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TO: Colorado Water Conservation Board Members

**FROM:** Cole Bedford P.E., Chief Operating Officer

**DATE:** May 21-22, 2025

AGENDA ITEM: 17 South Fork Focus Zone Irrigated Acreage Retirement Program

Guidelines

#### **Staff Recommendation**

Staff recommends the Board approve the attached South Fork Focus Zone Irrigated Acreage Retirement Program (Program) Guidelines, which will go into effect when funding becomes available after July 1, 2025.

Staff further recommends that the Board authorize the CWCB Director to approve all grant awards for the Program. This is a deviation from <a href="CWCB Policy 25 - Approval of Grants">CWCB Policy 25 - Approval of Grants</a>.

#### **Background**

The Republican River Basin begins on the eastern plains of Colorado then flows through Northwest Kansas and Southwest Nebraska. All three states are signatories of the Republican River Compact, which was ratified in 1943. Due to increased development of groundwater in the basin, the three states entered into litigation, which culminated with the Final Settlement Stipulation in 2002. In 2016, Colorado entered into a negotiated settlement with both Nebraska and Kansas. Colorado's primary obligation under these settlements is to retire 25,000 acres of irrigated acreage in a region centering on the South Fork of the Republican River north and west of Burlington, Colorado called the "South Fork Focus Zone" (SFFZ) by the end of 2029.

The Republican River Water Conservation District (RRWCD) took the lead in meeting Colorado's obligation. Between 2016 and 2021 the RRWCD retired 3,432 acres through water conservation program contracts. In 2022, the RRWCD was awarded nearly \$30.0 million in funding from the American Rescue Plan Act (ARPA) through Colorado Senate Bill 22-028. This funding, along with an increase in Water Use Fees, allowed the RRWCD to retire an additional 13,633 irrigated acres in the SFFZ, totaling more than 17,000 acres.

At the November 2024 CWCB Board Meeting, the Board voted to recommend the inclusion of \$6.0 million in the 2025 CWCB Projects Bill to support the retirement of the remaining nearly 8,000 acres in the SFFZ. This recommendation is reflected in Section 15 of the Projects Bill (SB25-283), which was approved by a vote of the Senate on April 23, 2025 and a vote of the House on May 2, 2025. The Bill is currently awaiting Governor signature.



### **Program Organization and Administration**

The previous award of *federal* ARPA funding was administered under a single contract, which articulated all the necessary terms for the administration of the funds. This allowed payments to be issued to the RRWCD without requiring a broader grant program to be established. However, because the current Projects Bill Grant will consist of *state* funding drawn from the Construction Fund, the RRWCD cannot receive the funds and maintain compliance with the Colorado Taxpayer's Bill of Rights (TABOR). Instead, CWCB will issue payments of \$750 per irrigated acre retired directly to participants under individual grant awards and contracts through the Program.

RRWCD will continue to maintain an integral role; RRWCD staff will solicit and coordinate landowner participation, assist in the development of application documents, and facilitate the submission of applications to CWCB. A positive recommendation from RRWCD will also be one requirement for eligibility. Final grant decisions will be made by the CWCB with concurrence from the Colorado Division of Water Resources.

### Attachments:

South Fork Focus Zone Irrigated Acreage Retirement Program, Grant Guidelines





# COLORADO

# **Colorado Water Conservation Board**

Department of Natural Resources

# SOUTH FORK FOCUS ZONE IRRIGATED ACREAGE RETIREMENT PROGRAM

**GRANT GUIDELINES** 

### INTRODUCTION

As a result of a 2016 negotiated settlement with the States of Kansas and Nebraska, Colorado has an obligation to retire 25,000 acres in a region centering on the South Fork of the Republican River in, Colorado by the end of 2029. As of Spring 2025, more than 17,000 acres had been retired in this area, known as the South Fork Focus Zone (SFFZ). Section 15 of the 2025 Colorado Water Conservation Board Water Projects Bill, SB25-283, includes an appropriation of \$6.0 million to support the retirement of the remaining nearly 8,000 acres. The South Fork Focus Zone Irrigated Acreage Retirement Program has been established by the Colorado Water Conservation Board (CWCB) to administer these funds.

The Program issues grants to eligible owners of irrigated acreage in the South Fork Focus Zone of \$750 per irrigated acre retired. Among other requirements, eligibility requires participation in one of four "base" programs and a positive recommendation from the Republican River Water Conservation District (RRWCD). Final grant decisions are made by the CWCB with concurrence from the Colorado Division of Water Resources (DWR).

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# Eligibility

### Located in the South Fork Focus Zone

The owners of irrigated acreage within a one-mile boundary from the live stream of the South Fork of the Republican River, known as the South Fork Focus Zone, are eligible entities. Program participants must be able to provide proof of landownership for more than one year.

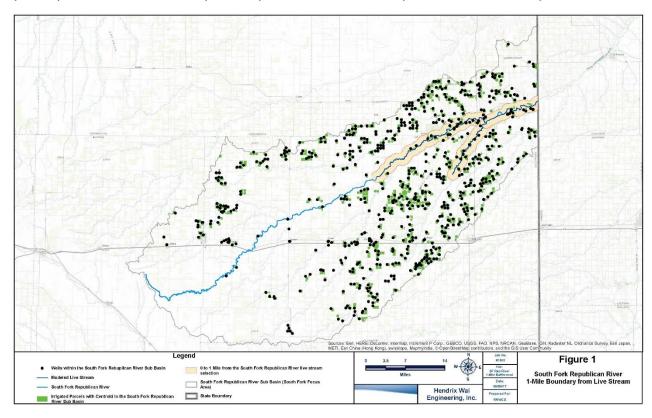


Figure 1: South Fork Focus Zone

# Participation in a Base Program

Program participants must also participate in one of four "base" programs, which also support the retirement of irrigated acreage. The South Fork Focus Zone Irrigated Acreage Retirement Program serves as a supplement to these programs. Applicants must provide proof of participation in one of the base programs. Each of these programs have differing requirements for participation. Potential applicants are encouraged to contact the Republican River Water Conservation District for more information.

### Conservation Reserve Enhancement Program (CREP)

The Republican River Conservation Reserve Enhancement Program (CREP) is a Conservation Reserve Program (CRP) administered through the Farm Services Agency (FSA) in which a water right is permanently retired and a grass habitat established on the land for the 15 years of the contract. Applicants may apply up to six inches of water to establish vegetation. After the grass habitat is approved by the Natural Resources Conservation Service (NRCS), the water

right for the well is cancelled, permanently retired, or converted to a small capacity well. The land may be used for grazing or dryland farming after the 15-year contract expires.

The land being enrolled in the South Fork Focus Zone Irrigated Acreage Retirement Program must have been irrigated four out of the last six years, be within the RRWCD SFFZ boundary, be irrigated more than six inches per acre, and be owned by the applicant for more than one year.

### Environmental Quality Incentive Program (EQIP)

The Republican River Environmental Quality Incentive Program (EQIP) is a Conservation Program administered through the Natural Resource and Conservation Services (NRCS) in which a water right is permanently retired and the land may be used for grazing or dryland farming for the five years of the contract.

The land being enrolled in the South Fork Focus Zone Irrigated Acreage Retirement Program must have been irrigated two out of the last five years, be within the RRWCD SFFZ boundary, and be owned by the applicant for more than one year.

# Republican River Water Conservation District Acreage Management Plan (RAMP)

The Republican River Water Conservation District administers the RRWCD Acreage Management Plan (RAMP) Program, which applies to wells located within the South Fork Focus Zone and lawfully used for irrigation. Wells must have been used for irrigation in 2016. Only those acres actually irrigated in 2016 and in at least two of the last five years are eligible. RAMP participants must permanently retire at least 15.00% of the acres actually irrigated by a given well. After enrollment, future irrigation will be limited to the actually irrigated acres less the acres enrolled in RAMP.

## Well Permit Purchase Program (WPPP)

When an existing federal conservation program is operating within the South Fork Focus Zone and has insufficient funds to enroll all of the acres that are eligible and willing to enter into the program, the Republican River Water Conservation District, acting through its Water Activity Enterprise may operate a Well Permit Purchase Program (WPPP) to assist in the retirement of acres within the South Fork Focus Zone that would have been enrolled into a federal conservation program had sufficient federal funds been available.

### **RRWCD Recommendation**

Candidates for the South Fork Focus Zone Irrigated Acreage Retirement Program must secure a positive recommendation from the Republican River Water Conservation District to be eligible. Applicants must provide RRWCD recommendation as part of their application.

# **Application Process**

Interested parties are encouraged to contact the Republican River Water Conservation District as the first step toward participation in the South Fork Focus Zone Irrigated Acreage Retirement Program. RRWCD staff solicits and coordinates landowner participation, assists in the development of application documents, and facilitates the submission of applications to CWCB.

### **Application Dates**

All South Fork Focus Zone Irrigated Acreage Retirement Program grants must be executed by December 31, 2029. Applications will be accepted on a rolling basis until all funds are obligated.

# **Application Materials**

- Proof of ownership of irrigated acreage in the South Fork Focus Zone
- Proof of participation in a base program (CREP, EQIP, RAMP, or WPPP)
- Positive recommendation from the Republican River Water Conservation District. The recommendation from the RRWCD will include an evaluation of the number of eligible acres and the recommended grant award amount at \$750 per irrigated acre to be retired.
- Scope of Work (Exhibit A)
- Budget (Exhibit B)
- Proof of Insurance (if applicable)
- Certificate of Good Standing with the Colorado Secretary of State (if applicable)

### Evaluation

Application materials may be submitted to the South Fork Focus Zone Irrigated Acreage Retirement Program Manager by email. Once received, CWCB staff will evaluate the application materials. As part of the evaluation process, the Colorado Division of Water Resources must concur with RRWCD's recommendation for award. Concurrence will be secured during the evaluation process. The CWCB review and approval process will include:

- Determination of applicant eligibility
- Review of scope and budget materials
- Determination of the need for insurance information, or a waiver of such a requirement

### **Grant Administration**

### Notice of Award

After review of the application materials, CWCB staff will make an award recommendation. Awards under \$250,000 will be authorized by the CWCB Director. Awards of \$250,000 or more must be authorized by a vote of the CWCB Board. Once authorization is made by either the Director or the Board, CWCB staff will issue a Notice of Award to both the landowner and RRWCD staff.

## Contracting

RRWCD staff will facilitate awardee registration in the State of Colorado <u>Vendor Self Service</u> <u>System.</u>

## Payment

Once a contract or purchase order is executed between the grant awardee and CWCB, RRWCD will facilitate a one-time request for payment of the entire award amount. The request for payment may be submitted by RRWCD staff but must include a signature from the awardee. CWCB staff will review the request for payment, request revisions if necessary, and issue the payment directly to the grant awardee.

### Closeout

Once the one-time payment is made directly to the awardee, the contract or purchase order will be closed out as completed. CWCB will issue a notice to the awardee and the RRWCD confirming the closeout.