TO: Colorado Water Conservation Board Members

FROM: Ben Wade
Water Supply Planning Section

DATE: July 21-22, 2021

AGENDA ITEM: Consent Agenda 2a-c, Water Supply Reserve Fund, Grant Funding Recommendations

Staff Recommendation - Action Items: WSRF Grant Requests:

A summary of staff’s recommendation for each WSRF applications requesting between $50,001 and $99,999 have been provided in the first component of the attached table.

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.

During the 2021 legislative session, HB21-1260 was passed and signed into law by the Governor. The bill transfers $5,000,000 of stimulus funding into the WSRF program. Each basin will receive $200,000 and the Statewide Account will receive $3,200,000. Due to deadlines in the legislation for the awarding of funds by July 1, 2023 and completion of projects by September 1, 2025, these funds will be immediately utilized beginning with the July WSRF proposals.

Background:

For this consent 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.
- Summary spreadsheet displaying HB21-1260 Stimulus Funding WSRF Balance Summary of Fund Appropriations and Receipts, 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.
Applicant & Grantee: Lucky Penny Ranches, LLC
Water Activity Name: Aqua Fria Reservoir Rehabilitation
Water Activity Purpose: Agricultural, Nonconsumptive (Environmental) - Implementation
County: Jackson County
Drainage Basin: North Platte River
Water Source: Aqua Fria Reservoir
Amount Requested: $75,000 North Platte Basin Account
$75,000 Total Request
Matching Funds: Basin Account Match = $25,000 ($15,000 in-kind & $10,000 cash)
• 25% of Total Project Cost (meets 25% min)

Staff Recommendation:

Staff recommends approval of up to $75,000 from the North Platte Basin Account to help fund the project: Aqua Fria Reservoir Rehabilitation

Water Activity Summary: Lucky Penny Ranches, LLC operates a cattle ranch in the North Park Valley since 1995 that produces 1,300 to 1,500 tons of irrigated hay annually.

If approved, WSRF grant Funds will be used to address repair issues outlined by the State Engineer Office Dam Safety Inspection from September 2016. Additional expenses were incurred to permit, engineer and repair the access road during the 2019 and 2020 field seasons. The applicant states the engineering required by the State Engineers Office was more extensive than originally projected.

The applicant believes the proposed repairs will help ensure that the existing water right is maintained and that irrigated meadows continue to produce hay for sale and hay for consumption by the existing cattle operations in the North Park Valley. In addition, the repairs will help ensure a favorable nesting habitat for North Park Valley waterfowl. The water right supports meadows that are used by nesting waterfowl that would otherwise dry up too early for nesting bird success.
The applicant states this proposal will result in 730 acre feet of existing storage preserved, 700 acres of preserved habitat and 90 linear feet of pipe/canal built or improved.

**Discussion:** The reservoir rehab proposal is consistent with the North Platte Roundtable’s Basin Implementation Plan, in particular, its objectives of maintaining storage in the Basin.

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

**Eligibility Requirements:** The application meets requirements of all eligibility components.

**Evaluation Criteria:** Staff has determined this activity satisfies the Evaluation Criteria.

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**CWCB Project Manager:** Cole Bedford
Water Supply Reserve Fund
Water Activity Summary Sheet
July 21-22, 2021
Consent Agenda Item 2(b)

Applicant & Grantee: City of Craig
Water Activity Name: Yampa River Diversion Park
Water Activity Purpose: Municipal/Industrial, Nonconsumptive (Environmental) - Implementation
County: Moffat County
Drainage Basin: Yampa River
Water Source: Yampa River
Amount Requested: $65,000 Yampa/White/Green Basin Account
$65,000 Total Request
Matching Funds: Basin Account Match = $217,600 (cash)
• 77% of Total Project Cost (meets 25% min)

Staff Recommendation:

Staff recommends approval of up to $65,000 from the Yampa-White-Green Basin Account to help fund the project: Yampa River Diversion Park

Water Activity Summary: The Yampa River near Craig has the potential to host a multi-use park on the location of the existing Yampa River Diversion Structure near the City of Craig's water intake. The applicant states the growing trend in whitewater recreation around the country is promoting community direction towards rivers as a source of recreation, education and local pride. Whitewater parks are used to provide river-related in the form of rafting, kayaking, stand up paddle boarding and angling near population centers.

Recreational improvements are common near diversion structures as a way to harness the hydraulic drop associated with a grade control structure and turn it into an amenity for the public. The grade control associated with these intake structures commonly inhibit fish passage and new technology can provide fish passage opportunities. Past projects have shown that these types of projects provide community benefits including new recreational opportunities, economic stimulus, enhanced aquatic habitat, fish passage and environmental educational opportunities. All these improvements can be made while maintaining the existing upstream water surface elevation necessary for operation of the intake structure.
If approved, funds would be utilized for project engineering. The City of Craig has completed a preliminary engineers report complete with construction and engineering estimates.

**Discussion:** The reservoir rehab proposal is consistent with the North Platte Roundtable’s Basin Implementation Plan, in particular, its objectives of maintaining storage in the Basin.

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

**Eligibility Requirements:** The application meets requirements of all eligibility components.

**Evaluation Criteria:** Staff has determined this activity satisfies the Evaluation Criteria.

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**CWCB Project Manager:** Chris Sturm
Applicant & Grantee: Town of Oak Creek
Water Activity Name: Sheriff Dam Rehabilitation - Advanced Hydrology and Gate Replacement
Water Activity Purpose: Agricultural, Municipal/Industrial, Needs Assessment, Nonconsumptive (Environmental & Recreational) - Implementation
County: Rio Blanco & Routt Counties
Drainage Basin: Yampa River
Water Source: Sheriff Dam/Oak & Trout Creeks
Amount Requested: $73,750 Yampa/White/Green Basin Account
$73,750 Total Request
Matching Funds: Basin Account Match = $221,250 (cash)
- 75% of Total Project Cost (meets 25% min)

Staff Recommendation:
Staff recommends approval of up to $73,750 from the Yampa-White-Green Basin Account to help fund the project: Sheriff Dam Rehabilitation - Advanced Hydrology and Gate Replacement

Water Activity Summary: Sheriff Reservoir provides the sole source of water storage for the Town of Oak Creek (population 944), who owns the dam and water rights in the reservoir. Sheriff Reservoir provides recreational benefits to Routt and Rio Blanco Counties through fishing, camping, hiking, kayaking, hunting, and wildlife viewing. Releases from Sheriff Reservoir to Oak Creek through the Rich Ditch help minimum flows in Trout Creek and Oak Creek through public lands in the Routt National Forest and flows for agricultural use.

Significant dam safety issues have been identified at this 67-year-old dam, including inadequate spillway capacity and sinkholes in the dam's foundation which have been temporarily repaired but need a permanent solution. The outlet works gate stem and gate are failing due to the age of the equipment, which is as old as the dam, and need to be replaced.

A CWCB Loan Feasibility report indicates a rehabilitation cost of $13 million. The key cost driver is the increased spillway size. If approved, the Town would utilize WSRF funds to
work with the Division of Water Resources to optimize mountain hydrology and refine the rehabilitation design potentially reducing the project cost by millions of dollars. WSRF funding would also be used to replace the outlet gate.

Discussion: The dam rehab proposal is consistent with the Yampa-White-Green Roundtable’s Basin Implementation Plan, in particular, its goals of identifying & addressing the M&I water shortages; quantify and protect non-consumptive water uses; restore, maintain and modernize water storage, administration and delivery to reduce water shortages and meet environmental and recreational needs; and the project provides for multiple beneficiaries for the Basin.

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

Eligibility Requirements: The application meets requirements of all eligibility components.

Evaluation Criteria: Staff has determined this activity satisfies the Evaluation Criteria.

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CWCB Project Manager: Matt Stearns