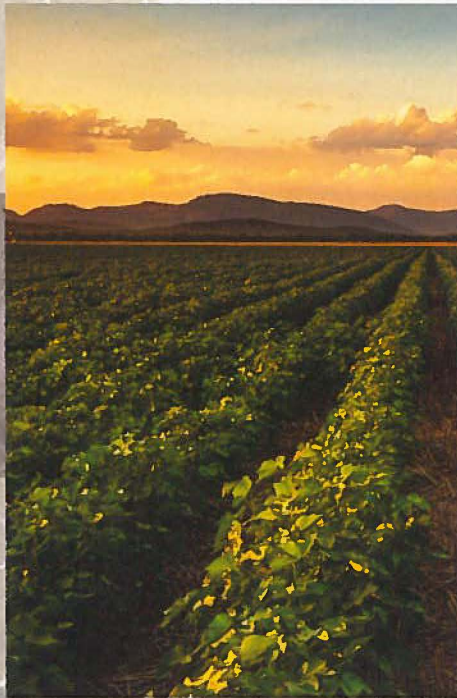


**WaterSMART:  
Water Marketing Strategy Grant FY 2021**

# **Colorado's Rio Grande Basin Water Cooperative Project**



**Applicant:**

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**Funding Opportunity Announcement No. R21AS00278**

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## Technical Proposal and Evaluation Criteria

### 1. Executive Summary

**Proposal Name:** Colorado's Rio Grande Basin Water Cooperative Project

**Date:** April 7, 2021

**Applicant Name:** Rio Grande Water Conservation District (RGWCD), Category A Applicant  
**County and State:** Rio Grande River Basin including Alamosa, Rio Grande, Conejos, Costilla and portions of Saguache and Mineral Counties of Colorado

#### Project Summary

The ability to sustain agriculture and the local economy, while managing groundwater depletion is a critical issue in south-central Colorado's San Luis Valley. Groundwater withdrawals for irrigation beyond the recharge capacity of the basin is causing injurious depletion to senior surface water rights holders.

Agriculture is both economically and ecologically important in the San Luis Valley, where it drives the majority of the region's economic activity and creates food sources and habitat for migrating birds and other wildlife. To avoid direct state intervention in the form of well shutdowns, well owners from six groundwater management Subdistricts of the Rio Grande Water Conservation District ("RGWCD") and one Subdistrict of the Trinchera Water Conservancy District are participating in voluntary programs to reduce groundwater withdrawals, replace injurious depletions, and to create and maintain sustainable aquifers in both the unconfined and confined aquifers in the Basin.

The Upper Rio Grande River basin in Colorado supports an agricultural system that utilizes a combination of surface water rights and groundwater wells. Over 1,000,000 ac-ft/yr of surface water diversions are combined with almost 500,000 ac-ft/yr of groundwater withdrawals to irrigate over 500,000 acres of agricultural land. The groundwater management subdistricts currently utilize several programs, including: the Conservation Reserve Enhancement Program, short-term fallow programs and contracts with both surface and groundwater rights owners to achieve well withdrawal reductions and to fully remedy well depletions to the streams. Against the backdrop of recent droughts and given the amount of recharge necessary, however, the scale of these efforts has not been enough to achieve sustainability as quickly as needed. Subdistricts collectively need to acquire approximately 16,000 acre-feet of water per year through an in-basin water marketing program to replace injurious stream depletions and sustain their ability to continue the use of groundwater in the Basin.

These conditions have encouraged the RGWCD to explore new voluntary, water-sharing arrangements, and an in-basin water marketing strategy to maintain maximum agricultural production in the San Luis Valley and prevent permanent dry-up of historically irrigated lands.

The RGWCD developed this proposal in collaboration with several partners, including the Colorado Water Conservation Board, Colorado Open Lands, Trout Unlimited, the Rio Grande Headwaters Land Trust and the Salazar Rio Grande del Norte Center at Adams State University.

If awarded, this funding will be used to support outreach and partnership building to educate and encourage the participation of the subdistricts and surface water right holders in an in-basin water market strategy. The aim is to design water sharing mechanisms such as temporary water leases or rotational fallowing. Our goal will be to develop a more holistic, basin-wide analysis of flexible in-basin water market potential by focusing on multiple Subdistricts and assessing water-sharing opportunities that will help meet Subdistrict objectives, sustain agriculture, keep water in the Basin, and provide multiple other benefits such as enhanced environmental conditions and beneficial streamflows where feasible.

Through our scoping and planning process, our team will identify water rights that could participate in an in-basin water market that would help us meet the approximate 16,000 acre-feet of water needed by Subdistricts collectively to remedy stream depletions. The effort will involve analysis of potential water rights for feasibility of participation in an in-basin water market, storage and infrastructure needs, and potential benefits or impacts to the basin regarding socio-economic, environmental, and recreational values. Based on this scoping and planning work, an implementation plan will be developed that details the key elements of the in-basin water marketing strategy, including: its operations, administration, finances, governance and legal framework. Public input will be a key element of the plan development and monitoring of the program will be essential to document as well.

The San Luis Valley is a unique and complex hydrological system, consisting of thousands of acres of irrigated agriculture from both surface water and groundwater sources. An in-basin water marketing program utilizing water sharing agreements such as lease-fallow rotations, partial year dry-up, and deficit irrigation can provide an alternative to the permanent dry-up of over 10,000 acres. This shows how efficient the planned in-basin water marketing program will be in sustaining agriculture in the region, in addition to providing benefits for other uses such as municipal, commercial, environmental, and compact requirements.

### **Anticipated Project Timeline**

It is anticipated that work could begin as early as November 2021 using the Non-Federal funds if this would be acceptable to Reclamation. If so, it is anticipated the project would be completed by November 2024. Otherwise, work will commence once RGWCD is contracted with Reclamation (Funding Group II) and the project will be completed within 3 years. For purposes of this application, RGWCD is anticipating that Federal funds would be available April 2022.

RGWCD anticipates that the Colorado Water Conservation Board will provide financial support for the project through the Alternative Transfer Methods Grant Program that will allow some



flexibility in timing to initiate work in fall 2021. **Appendix A** includes a chart showing a more detailed, proposed timeline. RGWCD staff and partners have already reserved time to work on the project and identified potential consultants to lead the work.

### **Reclamation Nexus**

The Rio Grande Water Conservation District was created by the Colorado General Assembly and formed in 1967 by a vote of the people residing within its boundaries. The District was created to protect, enhance, and develop water resources in the Rio Grande Basin. Reclamation nexus with RGWCD and project stakeholders include:

- **Closed Basin Project:** The RGWCD is involved in the Closed Basin Project (“Project”), a Bureau of Reclamation Project. The Board of Directors, along with the water users from Conejos River and the Rio Grande, took on the task of getting the needed authorizing legislation introduced into and passed by the United States Congress, which was accomplished in April of 1972. Construction of the Project began in 1981 and was completed in 1992. The decreed groundwater right for the Project is the property of the RGWCD. By resolution, the Board of Directors dedicated the water right to the Bureau of Reclamation for Project purposes. The Project is operated and maintained by the Bureau of Reclamation. A cooperative agreement with RGWCD provides for civil maintenance on Project facilities objectives.
- **Platoro Reservoir:** Reclamation’s Platoro Reservoir water right is located on the Conejos River. Like other surface water rights in the basin, when the well users are not able to replace their stream depletions, the yield of Platoro Reservoir goes down. Therefore, Reclamation will benefit directly from a water marketing program that will allow the well users to replace their stream depletions.

## **2. Background Data**

Groundwater use is a critical issue in the San Luis Valley of Colorado, where the withdrawal of groundwater for irrigation and other beneficial uses impacts surface water rights holders and the aquifer systems within the Upper Rio Grande Basin. At the same time, both the local economy and the ecological health of the region rely on groundwater levels. In response, six groundwater subdistricts of the Rio Grande Water Conservation District (RGWCD) and one subdistrict of the Trinchera Water Conservancy District were formed to self-regulate groundwater use. If non-exempt well owners in the Upper Rio Grande Basin are unable to mitigate the injuries being caused by groundwater wells and to create and maintain aquifers at the levels mandated by the state or by court decree, then the State Engineer will likely curtail wells to mitigate these injuries.

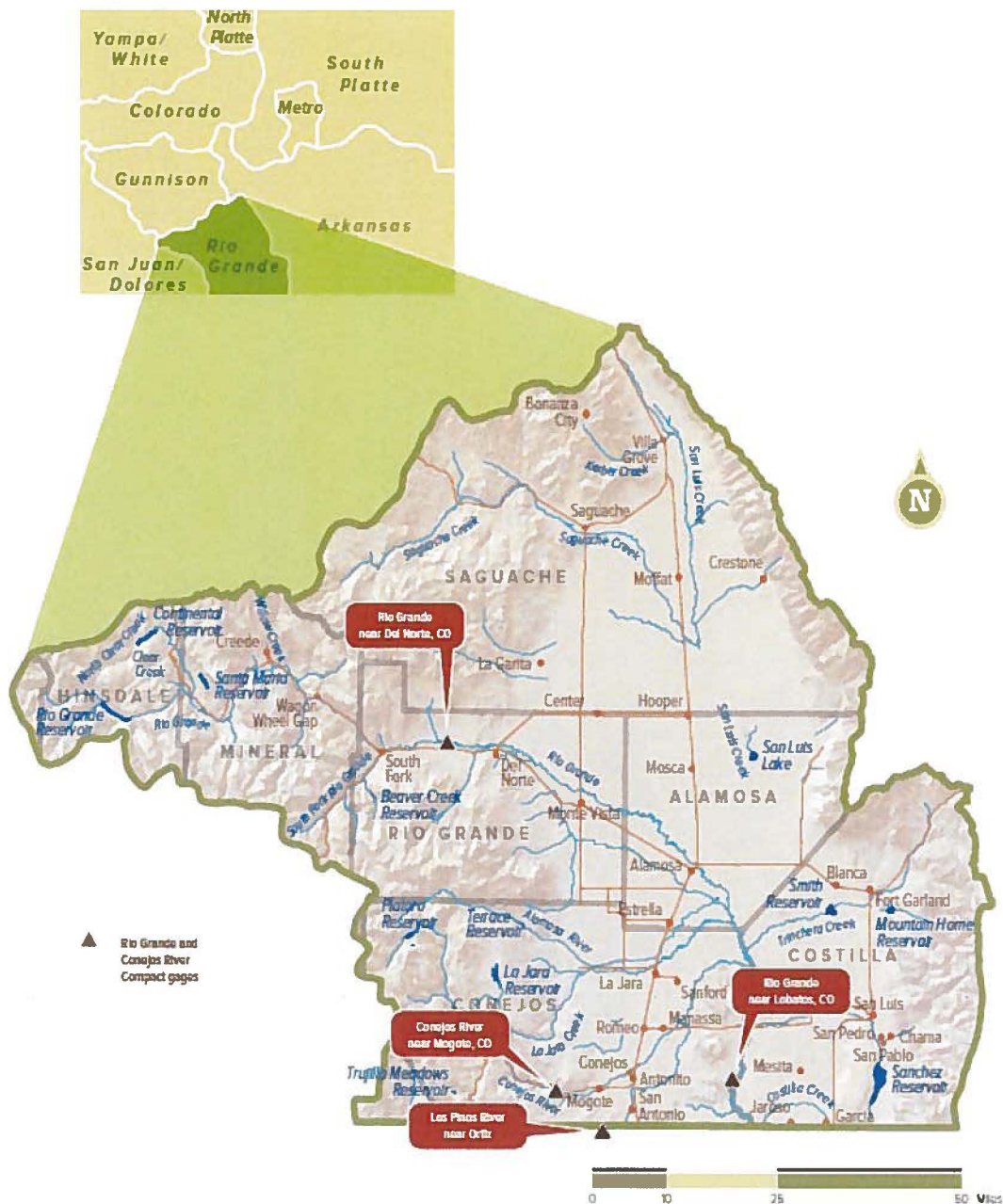
In cooperation with the State of Colorado's Division of Water Resources, the RGWCD is the leading entity in improved total water management in the San Luis Valley with a goal of efficiency and good water conservation efforts. The RGWCD's mission is "to enhance and protect the water rights of the citizens in the San Luis Valley who reside within the boundaries of the District".

## **2.1 Project Location**

The RGWCD encompasses a five-county region in south-central -Colorado, including Alamosa, Rio Grande, Conejos and portions of Saguache and Mineral Counties within the Rio Grande river basin, and the closed basin. The Trinchera Water Conservancy District services the northern portion of Costilla County, also within the Rio Grande Basin. Coordinates for Alamosa, Colorado is 37.47169, -105.87000.



## Map of the Colorado portion of the Rio Grande Basin



Source: Rio Grande Basin Implementation Plan, April 2015

## 2.2 Project History

To protect the senior surface water rights (including Reclamation's Platoro Reservoir) in the Valley from the impacts caused by groundwater well withdrawals and to conserve and protect the aquifers beneath the Valley floor, Colorado's State Engineer began efforts to draft rules for the use of groundwater in the San Luis Valley in the early 2000's. The Rules were completed

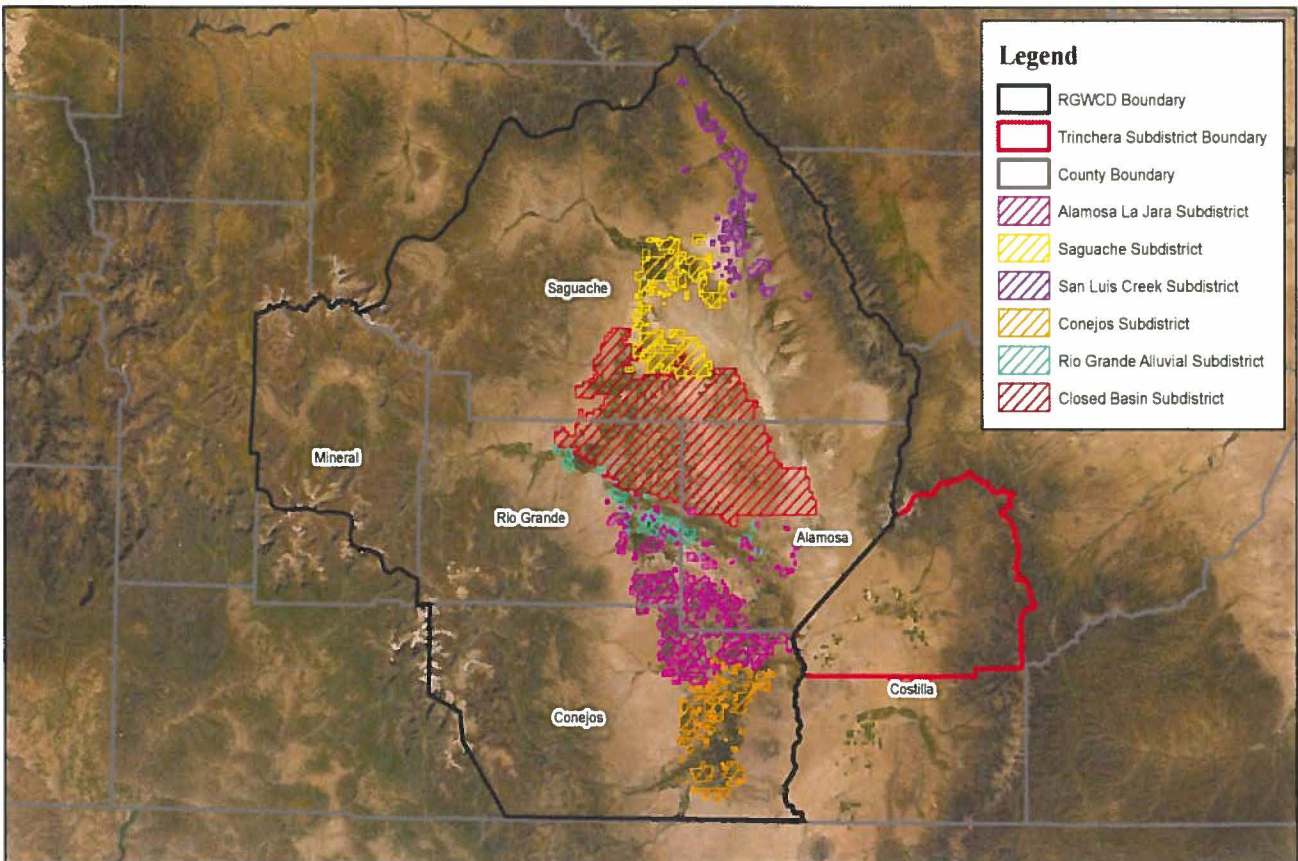
with extensive public input and were adopted by the District Court in March 2019, they became effective on March 15, 2021. To assist well owners within the boundaries of the RGWCD in complying with the State's groundwater rules, the RGWCD formed six special improvement districts, also known as "Groundwater Management Subdistricts," under its statutory authority. Each Subdistrict was formed to represent an area of similar community interests, well types and sources of surface water. Each area also has its own state-modeled groundwater impacts to streams/rivers and aquifer sustainability requirements. Each subdistrict has a Board of Managers who are responsible for the operation of their Subdistrict under approved Plans of Water Management that identify the goals and objectives of their Subdistrict and the methods in which the Subdistrict will meet those goals. The overall objective of the Subdistrict Plans is to provide a water management alternative to individual plans for augmentation or state-imposed regulations that limit the use of wells within the Subdistrict; that is a system of self-regulation using economic-based incentives that promote responsible groundwater use and management and ensures protection of senior surface water rights. The RGWCD currently supports six Subdistricts. The Trinchera Water Conservancy District also manages a Subdistrict. Below is a map indicating the location and boundaries of the Subdistricts.



## Rio Grande Water Conservation District Subdistricts map



### RIO GRANDE WATER CONSERVATION DISTRICT & TRINCHERA SUBDISTRICT MAP SAN LUIS VALLEY



Preparer: Colorado Open Lands Date: 4/6/21  
Data Source: Tim Cardon (RGWCD), Jason Lorenz (Trinchera)  
Public Access should not be inferred from this map. This map is not a survey and should not be construed as one.

## 2.3 Water Supply

Primary water sources in the Rio Grande Basin consist of surface and groundwater. Significant surface water sources include the Rio Grande mainstem and Conejos River. Surface water flows in snowpack-dependent rivers and streams are highly variable from year to year. In addition to diversions from rivers and streams, water users draw on two stacked aquifers, known as the “unconfined” and “confined” aquifers. The uppermost aquifer, the unconfined, ranges in thickness from 30-100 feet throughout the Valley and is recharged by precipitation, streams, canal leakage, and return flows from irrigation. The larger, deeper confined aquifer is separated from the unconfined aquifer by a series of blue clay and basalt layers and is under artesian pressure. Although recharge to the unconfined aquifer occurs relatively quickly, decades of

withdrawals exceeding recharge have severely depleted it. The deeper confined aquifer supplies fewer wells than the unconfined aquifer due to its depth, but withdrawals also exceed recharge. Reservoirs also play a critical role in the Basin's water management. Below are the Basin's major storage facilities:

*Major Reservoirs in the Rio Grande River Basin*

Reservoir Name	Capacity (AF)	Year Built	Pre-Compact	Owner
Continental	22,680	1928	x	Santa Maria Reservoir Company
Santa Maria	43,800	1913	x	Santa Maria Reservoir Company
Rio Grande	52,000	1912	x	San Luis Valley Irrigation District
Beaver Park	4,758	1914	x	Colorado Parks and Wildlife
La Jara	14,060	1919	x	Colorado Parks and Wildlife
Mountain Home	17,370	1908	x	Trinchera Irrigation Company
Platoro	59,570	1951		Bureau of Reclamation/CWCD
Sanchez	103,100	1911	x	Sanchez Ditch and Reservoir Company
Terrace	15,180	1912	x	Terrace Reservoir Company
Smith	5,800	1913		Trinchera Irrigation Company
Trujillo Meadows	910	1957		Colorado Parks and Wildlife
San Luis Lakes	12,700	n/a		Colorado Parks and Wildlife

## 2.4 Water Demands

The majority of the surface and groundwater use in the Rio Grande Basin and San Luis Valley is for irrigation, while a comparatively small amount is used for domestic, municipal, industrial, and fish and wildlife use. This reflects the importance of irrigated agriculture to the local economy and the primary focus on agricultural water conservation and management to achieve Subdistrict objectives. According to the Technical Update to the Colorado Water Plan (2019), the Rio Grande Basin has approximately 515,300 acres irrigated by surface, groundwater, or a combination of sources. Current total surface and groundwater diversion demand for agriculture is 1.8 million acre-feet. In comparison to agriculture, other water demands in the basin are relatively small, with current municipal water demands of 11,000 acre-feet per year.

## 2.5 Past Working Relationships with Reclamation

RGWCD's working relationship with Reclamation has been addressed in the Executive Summary in the section "Reclamation Nexus."



### 3. Project Description (Scope of Work)

The proposed project includes four main components: (1) project management and administration; (2) development of a communications and outreach plan and stakeholder engagement; (3) scoping and planning activities, including the development of a Subdistrict water-sharing assessment evaluation tool or matrix; and (4) development of an in-basin water marketing strategy, including the development of an online trading platform.

#### 3.1 Project Work Plan

<b>Task 1 - Project Management and Administration</b>	
1.1 - Project Work Plan	Work with USBR to develop and refine the project work plan, define roles, task, deliverables, schedule, and budget
1.2 - Coordination	Coordinate with USBR on a monthly basis or as requested by the USBR
1.3 - Invoicing	Review and prepare invoices for submittal to the USBR
1.4 - Monitoring and Reporting	Monitor project's progress and prepare Interim Performance Reports that track project's milestones, schedules, and costs
1.5 - Technical Reports	Prepare Final Performance Report describing the project's process and outcomes. Also prepare an initial Scoping Report to identify potential sources of surface replacement water and develop conceptual types of water-sharing projects.
<b>Task 2 Outreach and Partnership Building</b>	
2.1 - Outreach and Communication Plan	Develop a Communication and Outreach Plan to engage the public, Subdistricts, surface water owners, groundwater users, the Basin Roundtable, and others. The Salazar Rio Grande del Norte Center at Adams State University will assist in developing and implementing the following components of Outreach and Communications.
2.2 - Identification and engagement of water supply partners	Identify potential surface water supply partners including ditch and reservoir companies.
	Identify potential groundwater supply partners including the Subdistricts and well owners

2.3 - Identification and engagement of water market stakeholders	Identify stakeholders and affected parties within the San Luis Valley including but not limited to individual well users, surface water right owners, environmental interests, recreational interests, municipalities, industrial users, conservation community, etc.
2.4 - Regular Public Outreach	On a regular basis, update the public and stakeholders on the project's status (e.g., presentations at Basin Roundtable meetings, press releases, etc.)
2.6 - Public Workshops	Initial Workshops: Conduct 3 to 5 public workshops to describe the water marketing program concept and solicit input. The Salazar Rio Grande del Norte Center at Adams State University will assist in organizing, hosting, and facilitating the public workshops.
	Interim Workshops: Conduct 3 to 5 public workshops to present draft water marketing program elements which might include the program's governance, economics, participating suppliers/users, etc.
	Final Workshops: Conduct 3 to 5 public workshops to present the final water marketing program and how it would operate once implemented.
<b>Task 3 - Scoping and Planning Activities</b>	
3.1 - Surface Water Market Evaluation	Work directly with the surface water users to assess the various water marketing strategies and how they might work for specific surface rights holders. The surface water market evaluation will build on initial scoping efforts assessing potential cooperative water sharing methods and water leasing opportunities for Subdistricts 2, 3, 6, and Trinchera.
3.2 - Groundwater Market Evaluation	Work directly with the Subdistricts to assess the various water marketing strategies and how they might work for each specific Subdistrict.
3.3 - Review of Existing Groundwater Market Programs and Mechanisms	Review existing groundwater credit programs including Groundwater Sustainability Agencies' Programs in California (e.g., North Kings, Merced Subbasin and McMullin), North Platte Project (NE) and Edwards Aquifer Market (TX).
	Review of identified tools such as the federal Conservation Reserve Enhancement Program, Conservation Easements, Drought contract, Lease of Non-Use and determining their



	applicability to the water marketing program.
	Review and utilize several existing tools developed by the Colorado Division of Water Resources including the Rio Grande Decision Support System groundwater model and the StateCU model for analyzing historical consumptive use
3.4 - Water Rights Analysis/Legal Analysis	Evaluate any potential legal or institutional issues with water transfers and water rights such as type and place of use.
	Identify compliance needs and permit requirements
	Identify any potential policy issues
3.5 - Analyze Quantity of Available Supplies	Analyze water availability for varying hydrologic years (i.e., wet, dry, average) and contractual scenarios.
	Analyze indirect limitations such as irrigated acreage, crop water usage and potential localized impacts.
	Determine current and future demands, sustainable yield, and maximum allowable withdrawals.
	Prepare an initial scoping study to identify: <ol style="list-style-type: none"> <li>1. Which reaches need replacement water and how much is needed in each reach.</li> <li>2. Which surface right and groundwater owners could potentially supply replacement water to Subdistricts.</li> <li>3. Develop conceptual water sharing projects including: <ol style="list-style-type: none"> <li>a. Lease fallow rotations</li> <li>b. Partial year dry-up</li> <li>c. Deficit irrigation (including demand management)</li> </ol> </li> </ol>
3.6 - Evaluate Infrastructure Requirements	Evaluate existing infrastructure capacity and potential additional infrastructure needs for delivery of surface water and groundwater transfers.
3.7 - Evaluate Environmental and Socio-economic Impacts and Opportunities	Identify environmental compliance requirements with proposed water marketing program and/or infrastructure needs.
	Evaluate social and economic impacts associated with the water marketing program versus status quo (prevent permanent dry-up of agricultural land, provide for instream uses, and maintain Colorado compact compliance).

	Identify opportunities for enhanced flows for environmental/recreational uses through the in-basin water marketing program.
	Evaluate potential of coupling conservation easements and other identified land and water protection mechanisms to keep any water market local and in-basin
3.8 - Economic Analysis	Determine the capital needs associated with the identified infrastructure upgrades and associated O&M costs
	Determine administrative and operating costs associated with the water marketing program.
	Evaluate the cost associated with using surface and groundwater for the water marketing program.
<b>Task 4 - Development of the In-Basin Water Marketing Strategy</b>	
4.1 - Implementation Plan	Identify the in-basin water marketing program goals (overall and on a Subdistrict basis)
	Define limiting factors such as extraction rates and volumes, individual allocations, consumptive use limitations and trading zones.
	Identify participants (Subdistricts, sellers, funders) in water marketing programs, needed infrastructure (e.g., pipelines, recharge basins, pumps, and storage).
	Address assessments and fees for maintaining and administering the water marketing and groundwater credit program and potential income/credits for conservation and supplying water to the program.
	Define roles, responsibilities and administrative structure associated with the water marketing program.
	Summarize the rationale of the water marketing program's policies (i.e., preference for surface water versus groundwater) and social/environmental issues to be resolved, mitigated, or addressed prior to and during implementation.
4.2 - Legal Framework	Establish oversight and enforcement mechanisms for water marketing program participants
	Identification and discussion of water law/administrative rules



	that pertain to the program's operations.
	List internal rules and regulations that would govern the water marketing program.
	Establish trading and transfer approval procedures.
4.3 - Monitoring Plan	Develop a monitoring program to track transfers, payments, economic and social impacts, and aquifer and environmental conditions.
4.4 - Project Evaluation Tool	Create a template for partners to share potential projects, outlining various values and benefits of project and ranking based on local priorities
4.5 - Online Trading Platform	Define the components of an online platform to help facilitate water transfers (e.g., water available for lease) between sellers and Subdistricts.
4.6 - Identify Future Pilot Projects	Document identified pilot projects that could demonstrate the effectiveness of the water marketing program

### 3.2 Project Schedule

Work on this project is anticipated to begin in November 2021 and completed by November 2024 or three years following the initial contract date (Funding Group II). RGWCD anticipates that the Colorado Water Conservation Board will provide financial support for the project through the Alternative Transfer Methods Grant Program that will allow some flexibility in timing to initiate work in fall 2021. **Appendix A** includes a chart showing a more detailed, proposed timeline.

## 4. Evaluation Criteria

### 4.1 Evaluation Criterion A—Water Marketing Benefits

**4.1.1. *Explain whether the water market/water marketing strategy project will address a specific water supply shortfall and describe the extent of benefits to different sectors.***

Currently, Groundwater Management Subdistricts have few and limited options for replacing depletions from their member's groundwater withdrawals. Most Subdistricts rely on the use of forbearance agreements because of the limited options available for obtaining sufficient water to

fully remedy injurious stream depletions. Under these forbearance agreements the owners of the injured water right agree to forgo their injury and are paid by the Subdistrict in cash, or some other valuable, other than water. While forbearance allows groundwater withdrawals to continue, the practice excludes farmers and ranchers who would likely prefer a wet water replacement option. It also eliminates the positive ancillary benefits that wet water replacements would have for aquatic ecosystem function. Additionally, the lack of options for wet water excludes environmental and recreational interests from partnership and cost-sharing in the water market. This project will develop tools and methods for wet water replacements that do not require significant new infrastructure and further manipulation of the natural hydrology and seek opportunities to enhance environmental and recreational outcomes.

#### ***4.1.2. What is the nature and severity of the shortfall, and which sectors are affected?***

The current replacement water requirement is approximately 16,000 ac-ft/yr, which if developed through the new water marketing proposal presented herein, will replace stream depletions from pumping over 1,100 wells in the Rio Grande Basin of Colorado. The loss of these withdrawals would have severe impacts on the agricultural sector, and to a lesser extent the municipal and commercial sectors since they too rely on some amount of groundwater. There are also many stream reaches and some river reaches that are dry for at least a portion of nearly every year. The severity is extreme and dry up days are increasing. Some reaches of once perennial streams now only have water for a short duration, and in bad years, they have no surface flow at all. The environmental sector is forced to prioritize streams for fish and wildlife objectives based on water rights and proximity to infrastructure, as opposed to natural watersheds and hydrology. For example, one of few self-maintaining populations of the native Rio Grande Chub in Colorado persists completely within an artificial and managed ditch system on the Baca National Wildlife Refuge, while streams adjacent to the refuge often go dry and no longer support viable habitat.

#### ***4.1.3. How and to what extent will the water market/water marketing strategy activities, once implemented, address the shortfall?***

The project's water marketing strategy could provide sources of water in amounts sufficient to completely replace well depletions while maintaining the agricultural economy, and to a lesser degree the municipal and commercial sectors that rely on groundwater, by minimizing permanent dry-up of historically irrigated land. The project's water marketing strategy can also address the environmental shortfall by exploring new methods and legal framework to make water available to impacted water users that currently do not have the option. Further, the market creates space for environmental stakeholders to partner with water users and subdistricts to cost-share in situations where wet water has appreciable non-consumptive environmental benefits. In turn, this expands the scope of where meaningful aquatic and riparian restoration can occur on the landscape.



***4.1.4 Will the water market/water marketing strategy activities benefit multiple sectors and/or types of water uses? If so, to what extent, and which sectors and water user will benefit?***

The strategy is designed to be inclusive, and to broadly communicate a dynamic menu of options and opportunities for those in-basin uses that have the potential for multiple benefits and multiple partners including agricultural, municipal, commercial, recreational, and environmental sectors. It will also include monitoring that informs adaptive management over time with changing conditions. Additionally, the strategy can be used to help Colorado meet its requirements under the Rio Grande Compact.

***4.1.5. Explain how and to what extent the proposed water market/water marketing strategy activities will improve water supply reliability in general in the area upon implementation of the strategy:***

A successful, in-basin water marketing project will fully replace thousands of ac-ft of historically unreplaced well depletions to the surface water stream system. Such a project will improve the reliability of the wells that deplete the stream, as well as the reliability of surface water rights whose yields have been historically depleted by the wells. The project will also identify and prioritize key stream reaches that would have instream flow benefits as a secondary benefit to Subdistrict injury replacements, and to translate those objectives into the market, by introducing options for environmental and recreational groups to cost share with and incentivize water users and subdistricts to voluntarily select those options.

***4.1.6 Explain the extent to which the water market/water marketing strategy activities will be ready to proceed upon completion of the strategy, addressing each of the following:***

***Describe your plans and timeline for implementing the strategy upon its completion.***

The project proposed here is a three-year project. As part of the scoping and analysis phase, and development of a project evaluation tool, the project team does anticipate identifying initial pilot project transactions for potential implementation following the completion of the in-basin water marketing strategy. Upon completion of this project, an initial goal, within one year of development of an in-basin water marketing plan, would be to initiate select pilot projects involving multiple Subdistricts. Funding for the initial pilot projects will be available initially through the CWCB. Additionally, within one year of completion of this project, the project team's goal is to have a formalized online trading platform to support the in-basin water marketing program. The project team will use the online trading platform, in concert with the project evaluation tool, to continue to seek out additional water-sharing opportunities.

***Are there complex issues, including issues of law or policy, that would need to be resolved before the strategy could be implemented?***

The project team intends to develop the in-basin water market concept within existing boundaries of law and policy. Colorado has a broad set of existing mechanisms that support water-sharing opportunities including administrative procedures for reviewing and implementing temporary water leases. While not all these mechanisms are easy to use, the intent of the project is not to seek changes to existing law and policy, but rather to develop a strategy for utilizing existing legal frameworks for water-sharing to fit the unique needs of Subdistricts.

***Explain whether previous planning, outreach and/or water marketing activities have been completed, including work on any of the three required project components.***

Several previous and current projects that will help provide a basis for the outreach, scoping and planning and marketing strategy design under this project (links are included):

**Cactus Hill Conservation Easement and Water Lease to City of Alamosa** - The Rio Grande Headwaters Land Trust, in partnership with the City of Alamosa and a local producer, completed a perpetual water-sharing agreement that will provide augmentation water to the City while preserving a working farm. The Cactus Hill project provides a template for similar water-sharing opportunities in the region that involve the coupling of land conservation with in-basin water leasing. More information regarding the project can be found here:

<http://www.riograndelandtrust.org/news/https://www.cactushillfarm.com>.

**Subdistrict 6 Consumptive Use Analysis** - The objective of this planning project is to conduct the initial engineering work to develop ditch-wide consumptive use analysis with the intent to inform the development of a rotational fallowing program in which producers under four ditch systems will voluntarily fallow a portion of their irrigated acres for compensation from the Subdistrict. The project scope of work can be found at:

<https://dnrweblink.state.co.us/cwcb/0/edoc/212693/7b.pdf?searchid=a1d2b86a-6aab-4b53-b5dc-e3dd570b71fb>

**Trujillo Meadows Reservoir Alternative Transfer Method Study** - investigated the feasibility of a unique ATM that involves enlarging Trujillo Meadows to provide intra-year regulation of water supplies including direct flow storage and storage of other agricultural and augmentation water rights for agricultural users. The final report can be found at:

[https://dnrweblink.state.co.us/cwcbsearch/0/edoc/205334/Rio%20Grande%20-%20Conejos%20WCD%20-%20Increase%20Supplies%20for%20Conejos%20Basin\\_FinalDeliverableES1-8-2018.pdf?searchid=59248bef-054b-4625-9188-2aa07872bcd1](https://dnrweblink.state.co.us/cwcbsearch/0/edoc/205334/Rio%20Grande%20-%20Conejos%20WCD%20-%20Increase%20Supplies%20for%20Conejos%20Basin_FinalDeliverableES1-8-2018.pdf?searchid=59248bef-054b-4625-9188-2aa07872bcd1).

**Colorado Open Land's Groundwater Conservation Easement Report** - Groundwater depletion is a critical issue in Colorado's south-central San Luis Valley; groundwater pumping for irrigation beyond the recharge capacity of the basin is causing injurious depletion to senior surface water rights holders and may be impacting riparian ecosystems. In the San Luis Valley,



irrigated agriculture is important because it drives most of the region's economic activity and creates food sources and habitat for migrating birds and wildlife. The working group developed and analyzed a conservation easement model that specifically restricts groundwater pumping. Research and expert interviews with groundwater managers in over drafted basins in Nebraska and California revealed the functionality of conservation easements when applied to groundwater and affirmed the economic value of groundwater. Groundwater conservation easements are one important instrument within a larger suite of voluntary tools that groundwater subdistricts in the San Luis Valley can use to reduce groundwater pumping while maintaining community vitality. <https://secureservercdn.net/50.62.89.111/309.d0c.myftpupload.com/wp-content/uploads/2021/04/Groundwater-Conservation-Easements-for-Aquifer-Recovery-in-the-San-Luis-Valley-web.pdf>

**CWCB Alternative Transfer Methods Status Report** - released in 2020, the CWCB Alternative Transfer Methods Status Report highlights progress made on implementing state-wide goals regarding alternative transfer methods and recommendations for creating a framework for continuing to support the development of water-sharing arrangements providing multiple benefits. The report specifically identifies the Upper Rio Grande Basin as a location where an in-basin water marketing strategy could be further developed to address compact compliance and groundwater augmentation needs. The full report can be found at: <https://dnrweblink.state.co.us/CWCB/0/edoc/212963/ATM%20Status%20Report.pdf>.

## **4.2 Evaluation Criterion B—Level of Stakeholder Support and Involvement**

### ***4.2.1 Identify Committed Stakeholders***

**Rio Grande Water Conservation District** - The RGWCD is committed to sponsoring the development of the water-sharing and alternative transfer method opportunities within each Subdistrict. Currently five of the RGWCD Subdistricts (2,3,4,5 and 6) intend to participate in assessing the development of an in-basin water marketing strategy. RGWCD will also coordinate with Subdistrict 1 on assessing potential in-basin water marketing opportunities. RGWCD will provide matching cash funds through those Subdistricts which will benefit from this project and staff time needed to support the project.

**Trinchera Water Conservancy District and Subdistrict** - The Trinchera Water Conservancy District services the northern portion of Costilla County known as the Trinchera Creek Drainage. In 2008, a Groundwater Management Subdistrict was established within the district for the purpose of conserving and stabilizing water supply and groundwater storage.

**Colorado Water Conservation Board** - The CWCB is a committed leader in funding and guiding innovative approaches to water-sharing and water marketing that minimize the permanent dry-up of irrigated agriculture, sustain rural communities, and provide multi-beneficial outcomes. The CWCB will participate in supporting the project team as needed for public engagement and will provide matching cash funds through the Alternative Transfer Methods Grant Program.

**Colorado Open Lands** - Colorado Open Lands (COL) is a Statewide Land Trust who has been working on community conservation projects in the San Luis Valley for over a decade. Our work then as now, is focused on working with communities and landowners to develop strategies that keep the San Luis Valley water and the vibrant agriculture, recreation, and wildlife communities it supports intact and here in the San Luis Valley. COL will participate in supporting the team as needed for stakeholder outreach and will also be providing funding support.

**Trout Unlimited** - Trout Unlimited program staff have been working in the Upper Rio Grande since 2013 through the Western Water and Habitat Program. During that time, TU and local water partners have established a voluntary market-based program to restore flows below reservoirs that store water during the winter months for irrigation. This project and strategy can directly tie in with the Winter Flow Program and allow TU and partners to leverage that work towards this comprehensive forward looking cooperative project. Local TU staff will work directly on the project team and offer that service as an in-kind match.

**Rio Grande Headwaters Land Trust** - The Rio Grande Headwaters Land Trust (RiGHT) holds conservation easements encumbering approximately 38,000-acre feet/year of senior water rights and has strong relationships with these landowners. RiGHT will support the team by reaching out to its conservation landowners as well as others in the community, sharing information from our Cactus Hill water lease project, and by providing fundraising support.

**Salazar Rio Grande del Norte Center, Adams State University** - The Salazar Center's Water Education Initiative partners with the RGWCD and many others in providing water education to the general public of the Rio Grande Basin, as well as for Adams State students. A Hispanic Serving Institution, Adams State is the only 4-year higher education institution in Colorado's Rio Grande Basin. The Salazar Center hosts numerous public water talks, initiates, and organizes the annual Rio Grande State of the Basin Symposium. The Salazar Center is developing a "Rio Grande Library" for research, education, communication, and policy resources as well as educational curriculum for students and public engagement, and policy and community workshops. The Salazar Center's role in this project would be in the development of communications and public outreach, workshops, and educational programs to inform and engage the community stakeholders in the in-basin water market development process.



**4.2.2 Identify Supportive Stakeholders** - Letters of support for this grant application have been received from a diverse set of stakeholders, including state and local agencies, non-profit organizations, and other stakeholders from the local community, agricultural sector, reservoir companies, and surface water owners. The following is a list of stakeholders who have expressed their support for the planning process:

- Rio Grande Basin Roundtable
- Colorado Division of Water Resources
- Conejos Water Conservancy District
- San Luis Valley Water Conservancy District
- Rio Grande Headwaters Restoration Project

The complete letters of support are provided in **Appendix C**.

#### **4.2.3 Project Opposition**

Currently there is no known opposition to the project, but it is necessary to highlight the goal of this project is to create a water market which meets the overall goals and objectives of the Subdistricts Plans of Water Management while simultaneously benefiting other in-basin uses.

#### **4.2.4 Supportive Planning Documents**

The Colorado Water Plan sets a goal of achieving 50,000 acre-feet of water shared through voluntary alternative transfer methods by 2030 and establishing alternative transfer methods that compete with, if not out-perform, traditional "buy-and-dry" transactions in the water market. Alternative transfer methods include a variety of approaches such as option agreements and short-term leases to meet various water supply needs in ways that minimize permanent reductions in irrigated agriculture and associated socio-economic and ecological externalities.

The Rio Grande Basin Implementation Plan also provides support for the RGWCD water-sharing assessment highlighting basin goals that include, among other things: sustaining the confined and unconfined aquifers; managing water to sustain an optimal agricultural economy, supports multi-benefit projects; and promotes the development of in-basin projects which provide multiple benefits for agriculture, the environment, and recreational water needs. Subdistrict Plans of Water Management identify water-leasing and sharing as possible tools to be used as replacement water for injurious stream depletions. This grant application and development of the in-basin water marketing strategy avoids the independent development of water marketing strategies within each Subdistrict and provides an opportunity to develop a more holistic, basin-wide strategy benefiting all Subdistricts and other stakeholders.

#### **4.2.5 Diverse Stakeholder Participation**

In recent years, RGWCD, CWCB, and project partners have successfully developed several pilot alternative transfer method projects in the Rio Grande Basin that may serve as models for the in-basin water marketing program. Given the success of some of these early projects, there's significant, diverse community interest in developing and implementing a basin-wide strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the Basin, and support other multi-benefit initiatives. One of the first steps of this project will be to develop an Outreach and Communications Plan that will include the creation of an interested parties list, direct outreach to the Subdistricts and their members, and facilitation of public workshops to gather community feedback on the development of an in-basin water marketing strategy. The project team will encourage diverse stakeholder participation through the assessment of in-basin water marketing strategies that provide multi-benefits for agriculture, local communities, water right holders, the environment, and recreation.

#### **4.3 Evaluation Criterion C—Ability to Meet Program Requirements**

##### ***4.3.1. Describe how the three required project components of a water marketing strategy grant will be addressed within the required timeframe.***

A detailed timeline is included as **Appendix A**. The project team anticipates being able to complete the proposed work within the thirty-six months of the date of funding. Prior planning work by the project team will be integrated into the scoping and in-basin water marketing strategy design work elements. This prior, and in some cases ongoing, work includes high-level assessment of potential water-sharing frameworks and opportunities for specific Subdistricts, conducting ditch-wide historical consumptive use analysis for some structures, and developing model water-sharing agreements through early pilot projects that can serve as a launching point for a more basin-wide programmatic effort.

##### ***4.3.2 Describe the availability and quality of existing data and models applicable to the proposed water marketing strategy.***

This project will be able to rely on a vast array of water supply and historical use data available for Colorado's Rio Grande Basin. The Colorado Division of Water Resources (CDWR) has spent over 20 years developing the Rio Grande Decision Support System (RGDSS). The RGDSS includes hydrological information from 1950 to present including historical surface water and ground water diversions, irrigated acreage, cropping patterns, irrigation practices, ground water stream depletions, historical consumptive use, and return flows. The RGDSS is available to the project partners and is currently being used for some initial scoping work for the project. Additionally, the CDWR has developed a lease-fallow evaluation tool which can be used to evaluate various alternative transfer methods including rotational lease-fallow, partial year dry-up, and deficit irrigation. The lease-fallow tool is available to the project partners. Additionally, the Colorado Water Conservation Board (CWCB) has analyzed streamflows in the basin and made



several determinations as to the amount of water needed in certain reaches for sustaining the environment.

***4.3.3 Identify staff with appropriate technical expertise and describe their qualifications. Describe any plans to request additional technical assistance from Reclamation, or by contract.***

The RGWCD works with both legal and engineering consultants daily that are highly qualified to provide legal and technical expertise for this project. Davis Engineering Services, Inc. has provided the District with engineering services for approximately 50 years and provides daily support for the RGWCD Subdistricts. Hill and Robbins, P.C. has provided legal services for the RGWCD for approximately 40 years and works with the RGWCD on meeting all compliance requirements for the Subdistricts in addition to the legal needs of the RGWCD. Additional technical support may be considered to provide additional expertise regarding the different water-sharing projects which may be considered for this water marketing project.

## **5. Project Budget**

### **5.1 Funding plan and letters of commitment**

The Applicant and its project Partners have committed to providing up to \$212,755.50 as the non-Federal share of project costs. This funding represents funding from the local Subdistricts, the conservation community, and the State of Colorado through the Colorado Water Conservation Board.

All funding outside the Applicant's organization will be secured and available prior to contracting. Letters of commitment from these entities are provided in **Appendix C**.

1. **RGWCD's** funding commitment is secure at this time and comes from the Subdistricts participating in this project which are funded through annual assessments. The Subdistricts receive their funding from annual assessments placed on each members' individual property tax notices. Each Subdistrict budget is different depending on the number of wells covered by that Subdistrict and their expected costs. Combined, the Subdistricts that will benefit from this grant have a budget of \$400,000 for administration and \$2.7M for water costs.

2. **Colorado Open Lands' (COL)** funding commitment is secured and will be available if awarded this grant.

3. **Rio Grande Headwaters Land Trust' (RiGHT)** funding is secured and will be available if awarded this grant.

4. **The Colorado Water Conservation Board (CWCB)** funding of at least \$162,755.50 is fully secured and will be available if awarded this grant. The funding is from the CWCB's Alternative Transfer Methods Grant Program. In addition, the CWCB will commit to providing any other funding that may not come through, although this risk is exceptionally low.

*Please identify whether the budget proposal includes any project costs that have been or may be incurred prior to award.*

No costs are expected to occur prior to the award of the grant.

## 5.2 Budget proposal

### Total Project Cost Table

Funding Sources		
Applicant Cash Match		
Rio Grande Water Conservation District and Subdistricts	\$	30,000.00
Local Cash Match		
Colorado Open Lands	\$	10,000.00
Rio Grande Headwaters Land Trust	\$	10,000.00
State Cash Match		
Colorado Water Conservation Board	\$	162,755.50
<b>Non-Federal Sub-Total (50% cash match)</b>	<b>\$</b>	<b>212,755.50</b>
Reclamation Funding	\$	212,755.50
<b>Total Project Funding</b>	<b>\$</b>	<b>425,511.00</b>

## 5.3 Budget narrative

**Budget Narrative Salaries and Wages** -Agency staff, Subdistrict members and Partner Organizations will assist with administrative efforts, attend meetings and workshops, and/or review work products, but will not seek reimbursement or claim cost share for their time.

**Fringe Benefits**-No fringe benefits will be charged to the project.



**Travel**-Travel expenses will include limited mileage costs for consultants to attend project meetings, workshops, and outreach events. These will be billed at the standard IRS mileage rate in effect at the time of the project. Travel costs are for consultants and are placed in the Contractual category.

**Equipment** -The project will not require any construction or equipment.

**Materials and Supplies** -The project will not require any materials or supplies.

**Contractual** -Contractual costs will be incurred for consultants to assist with the Upper Rio Grande Cooperative Project. **Appendix B** includes an estimate of consultant costs. This estimate was prepared by a consulting firm specializing in alternative water transfers in Colorado in coordination with the Project Partners. This consultant has extensive experience with alternative water transfers in Colorado and with leading multi-disciplinary teams in the development of water sharing programs.

**Environmental and Regulatory Compliance Costs** -The project will not require any environmental documentation or permitting, and therefore will not have any environmental or regulatory compliance costs.

**Other Expenses** -There will be no other expenses.

**Indirect Costs** -The project will not have any indirect costs.

**Total Cost** -The total estimated project cost is \$425,511.00, with requested funding of \$212,755.50 and applicant cost share of \$212,755.50.

#### Description of Costs

Budget Item Description	Applicant Funding	Reclamation Funding	Total Costs
Salaries/Wages/Fringes	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Supplies/Materials	\$ -	\$ -	\$ -
Contractual	\$ 212,755.50	\$ 212,755.50	\$ 425,511.00
Contingencies	\$ -	\$ -	\$ -
<b>Total Direct Costs</b>	<b>\$ 212,755.50</b>	<b>\$ 212,755.50</b>	<b>\$ 425,511.00</b>
Indirect Costs	\$ -	\$ -	\$ -
<b>Total Project Costs</b>	<b>\$ 212,755.50</b>	<b>\$ 212,755.50</b>	<b>\$ 425,511.00</b>

**Legal Costs:** *Legal costs are estimated to be 10 percent of the total project costs and are associated with the analysis of water rights issues or legal requirements, including legal mechanisms for transferring water within the Upper Rio Grande Basin, and legal constraints on existing water rights (type and place of use requirements, title issues, or other constraints). This amount is well below the 30 percent cap allowed under this funding. These costs are also included in the project budget for the consultant costs (Appendix B).*

## **6. Environmental and Cultural Resources Compliance**

The project will not involve activities involving measurements, monitoring, field work, pilot activities, or ground-breaking activities. Therefore, no environmental or cultural resources compliance, or NEPA documentation, will be required.

## **7. Required Permits or Approvals**

Since the project will not involve pilot projects or wet-water transactions, the applicants do not foresee any required permits or approvals to develop the Water Marketing Strategy. The project team will closely coordinate with the Colorado Division of Water Resources and local governments as the project develops to inform necessary permits and approvals.

## **8. Existing Analysis Contributing to the Water Market Strategy**

The RGWCD, along with several project partners, have evaluated some initial in-basin water marketing opportunities for specific Subdistricts. In 2018, the Rio Grande Headwaters Land Trust received an CWCB Alternative Transfer Methods grant to develop a unique ATM involving the City of Alamosa and a local farm to develop a conservation easement that includes the ability to lease water to remedy depletions caused by the City's well withdrawals. In 2020, the RGWCD-Subdistrict #6 received an CWCB Alternative Transfer Methods grant to conduct engineering work to develop a ditch-wide consumptive use analysis to assess opportunities for replacing injurious depletions through a rational fallowing program.

The RGWCD and Trinchera Water Conservancy District have also completed some preliminary work for several of the Subdistricts in the San Luis Valley including Subdistricts 2, 3, 6 and the Trinchera Subdistrict to study the potential use of ATMs to provide augmentation water to remedy stream depletions from over 1,100 high-capacity wells in the Valley without requiring permanent dry-up. The proposed in-basin water-marketing strategy will build on these early projects and analysis to develop a more holistic assessment of water marketing opportunities for the Subdistricts, while providing multiple other benefits.



## **9. Letters of Support and Letters of Partnership**

Stakeholder letters of support for the project can be found in **Appendix D**. Several stakeholder groups provided letters of support including state and local water agencies, regional water agencies, environmental and recreation organizations, and other stakeholders. 17 letters were received, signifying strong support and interest in the project. Below is a list of the individuals and entities that submitted letters of support.

1. United States Senator, Michael F. Bennet
2. Colorado State Representative, Donald E. Valdez (House District 62)
3. Colorado Water Conservation Board
4. Rio Grande Headwaters Land Trust
5. Colorado Open Lands
6. Salazar Rio Grande del Norte Center
7. Trout Unlimited
8. Division 3 of the Colorado Division of Water Resources (DWR)
9. Special Improvement District No. 2 of the Rio Grande Water Conservation District
10. Special Improvement District No. 3 of the Rio Grande Water Conservation District
11. Special Improvement District No. 4 of the Rio Grande Water Conservation District
12. Special Improvement District No. 5 of the Rio Grande Water Conservation District
13. Rio Grande Basin Roundtable
14. San Luis Valley Water Conservancy District
15. Colorado Rio Grande Restoration Foundation
16. Terrace Irrigation Company, Inc.
17. Conejos Water Conservancy District

## **10. Official Resolution**

The RGWCD Board is supportive of the preparation of this application and cost-share commitment. A formal resolution will be adopted on April 20, 2021 and provided to Reclamation within 30 days of the application deadline.

## **11. Unique Entity Identifier and SAM**

The RGWCD is currently registered with SAM and our Unique Entity Identifier is 1828093760000.

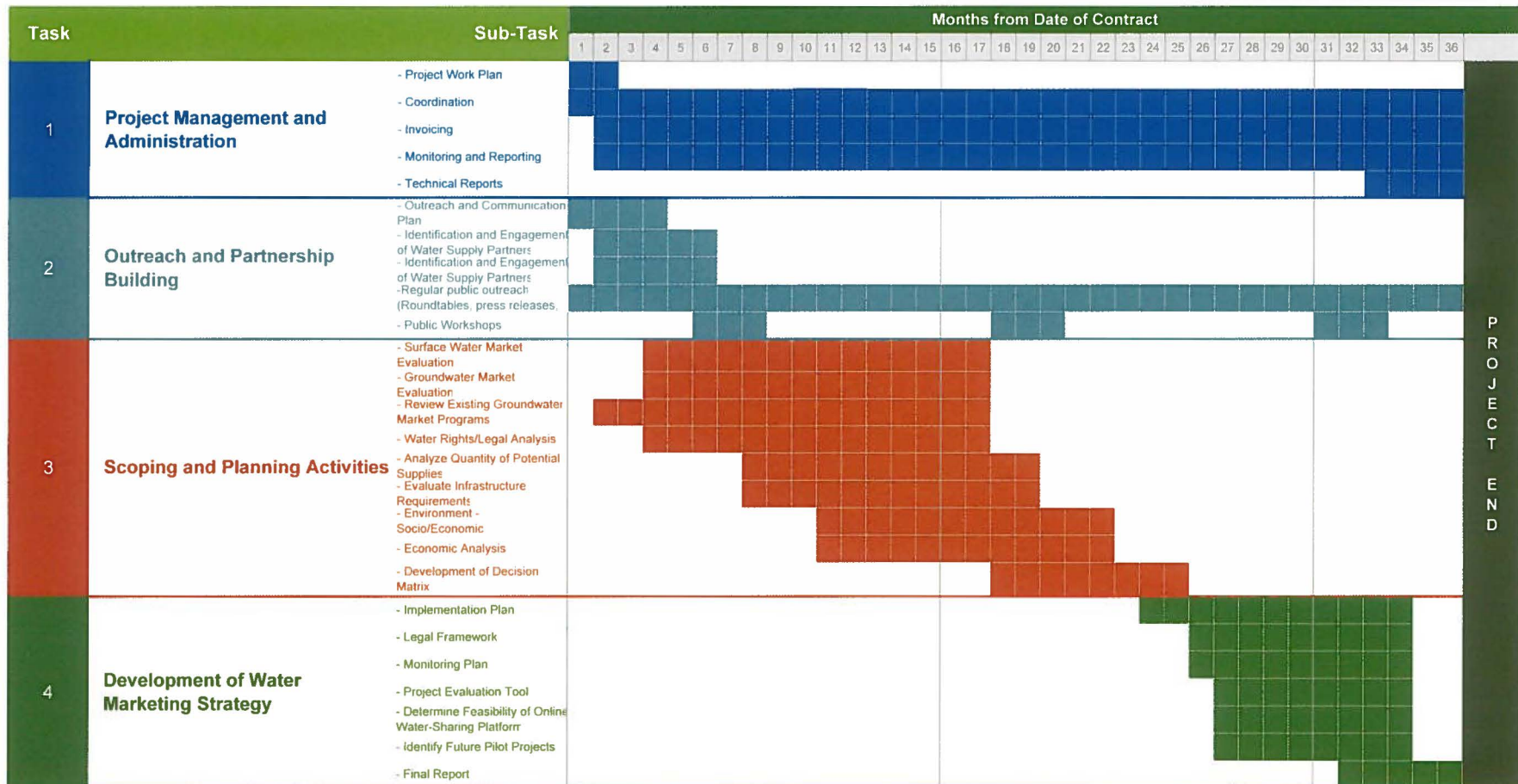
## **Appendix A - Anticipated Project Timeline and Schedule**



## Appendix A - Anticipated Project Timeline and Schedule

**PROJECT TITLE:** Colorado's Rio Grande Basin Water Cooperative Project

APPLICANT NAME: Rio Grande Water Conservation District



# Appendix B - Project Budget



## Appendix B: ESTIMATE OF TOTAL PROJECT COST

### Colorado's Rio Grande Basin Water Cooperative Project

#### Water Marketing Strategy

	Project Manager		Engineering		Economist		Attorney		Education & Outreach		Administrative Assistant		Total Hours	Total Labor Costs
Hourly Rate:	\$160		\$160		\$250		\$235		\$125		\$75			
	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs	Hours	Costs		
Task 1: Project Management and Administration														
- Project Work Plan	15	\$ 2,400	2	\$ 320	2	\$ 500	2	\$ 470	2	\$ 250	10	\$ 750	33	\$ 4,690.00
- Coordination	30	\$ 4,800		\$ -		\$ -		\$ -		\$ -	10	\$ 750	40	\$ 5,550.00
- Invoicing	10	\$ 1,600		\$ -		\$ -		\$ -		\$ -	35	\$ 2,625	45	\$ 4,225.00
- Monitoring and Reporting	20	\$ 3,200		\$ -		\$ -		\$ -		\$ -	10	\$ 750	30	\$ 3,950.00
- Technical Reports	25	\$ 4,000	10	\$ 1,600		\$ -		\$ -		\$ -	10	\$ 750	45	\$ 6,350.00
													Task 1 Total =	\$ 24,765.00
Task 2: Outreach and Partnership Building														
- Outreach and Communication Plan	5	\$ 800		\$ -		\$ -		\$ -	50	\$ 6,250	2	\$ 150	57	\$ 7,200.00
- Identification and Engagement of Water Supply Partners	10	\$ 1,600	25	\$ 4,000		\$ -	5	\$ 1,175	50	\$ 6,250	10	\$ 750	100	\$ 13,775.00
Identification and Engagement of Water Market Stakeholders	10	\$ 1,600	25	\$ 4,000		\$ -	5	\$ 1,175	50	\$ 6,250	5	\$ 375	95	\$ 13,400.00
-Regular public outreach (Roundtables, press releases, etc)	10	\$ 1,600	5	\$ 800		\$ -		\$ -	35	\$ 4,375	10	\$ 750	60	\$ 7,525.00
- Public Workshops	10	\$ 1,600	10	\$ 1,600	5	\$ 1,250	5	\$ 1,175	120	\$ 15,000	20	\$ 1,500	170	\$ 22,125.00
													Task 2 Total =	\$ 64,025.00
Task 3: Scoping and Planning Activities														
- Surface Water Market Evaluation	20	\$ 3,200	100	\$ 16,000	10	\$ 2,500	5	\$ 1,175	15	\$ 1,875	5	\$ 375	155	\$ 25,125.00
- Groundwater Market Evaluation	20	\$ 3,200	100	\$ 16,000	10	\$ 2,500	5	\$ 1,175	15	\$ 1,875	5	\$ 375	155	\$ 25,125.00
- Review Existing Groundwater Market Programs	40	\$ 6,400	5	\$ 800	25	\$ 6,250	5	\$ 1,175	5	\$ 625	5	\$ 375	85	\$ 15,625.00
- Water Rights/Legal Analysis	10	\$ 1,600	60	\$ 9,600		\$ -	30	\$ 7,050	10	\$ 1,250	10	\$ 750	120	\$ 20,250.00
- Analyze Quantity of Potential Supplies	10	\$ 1,600	120	\$ 19,200		\$ -	15	\$ 3,525		\$ -	5	\$ 375	150	\$ 24,700.00
- Evaluate Infrastructure Requirements	10	\$ 1,600	80	\$ 12,800	15	\$ 3,750	15	\$ 3,525		\$ -	10	\$ 750	130	\$ 22,425.00
- Environment - Socio/Economic Impact/Opportunities	15	\$ 2,400	5	\$ 800	35	\$ 8,750		\$ -	50	\$ 6,250	5	\$ 375	110	\$ 18,575.00
- Economic Analysis	15	\$ 2,400	5	\$ 800	35	\$ 8,750	5	\$ 1,175	20	\$ 2,500	5	\$ 375	85	\$ 16,000.00
- Development of Decision Matrix	40	\$ 6,400	10	\$ 1,600	10	\$ 2,500	5	\$ 1,175	10	\$ 1,250		\$ -	75	\$ 12,925.00
													Task 3 Total =	\$ 180,750.00
Task 4: Development of Water Marketing Strategy														
- Implementation Plan	120	\$ 19,200	75	\$ 12,000	35	\$ 8,750	10	\$ 2,350	75	\$ 9,375	25	\$ 1,875	340	\$ 53,550.00
- Legal Framework	25	\$ 4,000	20	\$ 3,200	10	\$ 2,500	50	\$ 11,750	15	\$ 1,875	10	\$ 750	130	\$ 24,075.00
- Monitoring Plan	25	\$ 4,000	10	\$ 1,600		\$ -	5	\$ 1,175	10	\$ 1,250		\$ -	50	\$ 8,025.00
- Project Evaluation Tool	25	\$ 4,000	5	\$ 800	5	\$ 1,250	5	\$ 1,175	15	\$ 1,875		\$ -	55	\$ 9,100.00
- Determine Feasibility of Online Water-Sharing Platform	25	\$ 4,000	5	\$ 800	10	\$ 2,500		\$ -	5	\$ 625	5	\$ 375	50	\$ 8,300.00
- Identify Future Pilot Projects	25	\$ 4,000	35	\$ 5,600	10	\$ 2,500	10	\$ 2,350	10	\$ 1,250		\$ -	90	\$ 15,700.00
- Final Report	75	\$ 12,000	5	\$ 800	5	\$ 1,250	5	\$ 1,175	25	\$ 3,125	25	\$ 1,875	140	\$ 20,225.00
													Task 4 Total =	\$ 138,975.00

Direct Costs \$ 12,096  
 Mileage \$ 3,900  
 Lodging \$ 1,000  
 Copies \$ 16,996

Total Labor Costs \$ 408,515.00  
 Total Direct Costs \$ 16,996.00  
 Total Project Costs \$ 425,511.00  
 50% Match \$ 212,755.50

## **Appendix C - Letters of Commitment**





**COLORADO**

**Colorado Water  
Conservation Board**

Department of Natural Resources

1313 Sherman Street, Room 718  
Denver, CO 80203

04/05/2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District - WaterSMART Water Marketing Strategy  
Grant

The Colorado Water Conservation Board (CWCB) is pleased to collaborate with the Rio Grande Water Conservation District in committing funds for the development of an in-basin water marketing strategy associated with the Upper Rio Grande Basin. The Upper Rio Grande Basin Water Cooperative Project will help further state and local water management objectives, help sustain the region's agricultural economy, and provide critical multi-benefits such as enhancing environmental and recreation flows and preserving working lands.

The Colorado Water Conservation Board will provide a funding commitment of at least \$162,755.50 from our Alternative Transfer Methods Grant Program. Funds would be available at the time of contracting with Reclamation. CWCB's contribution will take the form of cash and will span all facets of the project, with the CWCB working collaboratively with the Rio Grande Water Conservation District and others toward the development of a comprehensive, in-basin water market strategy.

Sincerely,

Alexander Funk  
Agriculture and Rural Resiliency Policy Specialist  
Colorado Water Conservation Board





## Rio Grande Water Conservation District

8805 Independence Way • Alamosa, Colorado 81101

Phone: (719) 589-6301 • Fax: (719) 992-2026

*Protecting & Conserving San Luis Valley Water*

April 5, 2021

**To: United States Bureau of Reclamation**

**Re: Rio Grande Water Conservation District - WaterSMART Water Marketing Strategy Grant**

Groundwater Management Subdistricts (Subdistricts) are pleased to partner with the Rio Grande Water Conservation District in support of the Upper Rio Grande Basin Water Cooperative Project. Those Subdistricts of the Rio Grande Water Conservation District which will participate in the water marketing strategy project are those who will benefit most from this project. These participating Subdistricts are pleased to commit funds to be used for the development of a water marketing strategy to support their ability to find a Basin-wide cooperative solution that allows the remedy of injurious depletions to senior surface water owners and to create and maintain sustainable aquifer systems within the Basin.

As you know, the Rio Grande Water Conservation District, in support of Groundwater Management Subdistricts and others, have been analyzing water market strategies for several years, and believe it is important to the long-term sustainability of one of the San Luis Valley's most important resources, its water supply. These participating Subdistricts are committing \$30,000 for matching funds from non-federal sources, which is contingent on the acceptance of the referenced Bureau of Reclamation WaterSMART grant. Funds would be available at the time of contracting with Reclamation. Subdistrict contributions will take the form of cash and will span all facets of the project, with the Subdistricts working collaboratively with Rio Grande Water Conservation District and others toward the development of a comprehensive water market strategy. As always, these Subdistrict's reserve the right to provide their contribution through several non-federal sources.

Sincerely,

Amber Pacheco

Acting Deputy General Manager

Rio Grande Water Conservation District





**RIO GRANDE**  
HEADWATERS LAND TRUST

April 1, 2021

US Department of Interior - Bureau of Reclamation  
P.O. Box 25007  
Denver, CO 80225

Re: Upper Rio Grande Basin Water Cooperative Project Contribution

Dear Application Review Committee,

The Rio Grande Headwaters Land Trust (RiGHT) is partnering with the Rio Grande Water Conservation District, Trout Unlimited, Colorado Open Lands, and others on the Upper Rio Grande Basin Water Cooperative Project.

RiGHT is committing \$10,000 from non-federal sources, contingent on the award of the referenced grant. Funds are secure and would be available immediately, in their entirety, upon contracting of this grant. RiGHT's contribution will be cash match. We plan to be involved in several aspects of the projects, especially marketing to landowners. We also anticipate being involved in overall project design and scoping as part of our strong partnerships with the districts and other nonprofits involved.

Sincerely,

Allen Law, Executive Director, Rio Grande Headwaters Land Trust

PO Box 444 Del Norte, CO 81132  
(719) 657.0800  
[info@riograndelandtrust.org](mailto:info@riograndelandtrust.org)

[riograndelandtrust.org](http://riograndelandtrust.org)

CONSERVING  
OUR LAND, WATER  
AND WAY OF LIFE  
IN COLORADO'S  
SAN LUIS VALLEY

April 4, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

Colorado Open Lands (COL) is pleased to partner with the Rio Grande Water Conservation District in committing funds for the development of a water marketing strategy to support aquifer decline in the San Luis Valley. As you know, the Rio Grande Water Conservation District, the Ground Water Subdistricts and others have been analyzing water market strategies for several years, which we believe is important to the long-term sustainability of one of San Luis Valley's most important resource, its water supply.

The amount of our funding commitment is \$10,000 dollars from non-federal sources, which is contingent on the acceptance of the referenced WaterSMART grant. Funds would be available immediately, in their entirety, upon acceptance by the Bureau of Reclamation of this grant. COL's contribution will take the form of cash and will span all facets of the project, with the Subdistricts working collaboratively with Rio Grande Water Conservation District and others toward the development of a comprehensive water market strategy. As always, COL reserves the right to provide our contribution through several non-federal sources.

Colorado Open Lands would like to provide our wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage the Bureau of Reclamation to approve funding for this important project.

Sincerely,



Anthony P. Caligiuri  
President  
Colorado Open Lands





*Kevin Terry, Rio Grande Basin Program Director, Colorado Water and Habitat Project*

Date: 3/30/2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District- WaterSMART Water Marketing Strategy Project

Trout Unlimited (TU) is committed to working alongside the Rio Grande Water Conservation District (RGWCD) and project partners to develop a holistic in-basin water marketing strategy in the Upper Rio Grande of Colorado. The Upper Rio Grande Basin Water Cooperative Project will provide the framework to prioritize environmental and recreational water needs that can simultaneously meet agricultural needs and create a market-based approach to catalyze new partnerships and mechanisms to share costs.

TU and local water partners have developed a voluntary market-based program that restores stream flows below working storage reservoirs in the Upper Rio Grande of Colorado. This program, known as the Winter Flow Program, operates for about 40% of the year (Nov. 1-March 31) and it has steadily grown in the basin, now operating downstream of five on-channel reservoirs. The Winter Flow Program's annual budget is approximately \$100,000 and we believe this project and associated strategy has the potential to tie in directly with the Winter Flow Program, creating a mutually beneficial leverage opportunity.

Additionally, TU is a committed partner to the Upper Rio Grande Basin Water Cooperative Project and will contribute staff time to the project over 3 years. TU's staff commitment of 120 hours/year (\$50/hr) plus travel costs (\$1,000/yr) amounts to \$21,000 of in-kind services that will help make this project successful.

Thank You for your consideration of this valuable project,

Rio Grande Basin Program Director  
Western Water and Habitat Program

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***Trout Unlimited: America's Leading Coldwater Fisheries Conservation Organization***

85 Pinon Circle, South Fork, CO 81154

(970) 799-7682 • [kevin.terry@tu.org](mailto:kevin.terry@tu.org) • [www.tu.org](http://www.tu.org)

## **Appendix D - Letters of Support**

MICHAEL F. BENNET  
COLORADO

COMMITTEES:  
AGRICULTURE, NUTRITION, AND FORESTRY  
FINANCE  
INTELLIGENCE

United States Senate  
WASHINGTON, DC 20510-0609

WASHINGTON, DC:  
201 RUSSELL SENATE OFFICE BUILDING  
WASHINGTON, DC 20510  
(202) 224-5852

COLORADO:  
CESAR E. CHAVEZ BUILDING  
1244 SPEER BOULEVARD  
DENVER, CO 80204  
(303) 455-7600  
<http://www.bennet.senate.gov>

April 2, 2021

Deputy Commissioner  
U.S. Bureau of Reclamation  
1849 C Street NW  
Washington DC 20240

Dear Deputy Commissioner:

I write to express my support for the application submitted by the Rio Grande Water Conservation District (RGWCD) to the U.S. Bureau of Reclamation (USBR) for funding from the WaterSMART Water Marketing Strategy Grants Program. If awarded, the RGWCD, in collaboration with several partners, will implement the Upper Rio Grande Basin Water Cooperative Project to assess the potential use of alternative transfer methods (e.g., temporary water leases) or "ATMs" to assist sub-districts in meeting their annual replacement obligations while protecting the Valley's agricultural economy.

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and unique natural landscapes. Agriculture is the region's primary economic activity, with products sold totaling approximately \$325 million annually, which provides a significant source of base jobs in the region. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

The key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. With USBR monies, the RGWCD in partnership with the Colorado Water Conservation Board, Colorado Open Lands, Trout Unlimited, and the Rio Grande Headwaters Land Trust, will develop and implement a basin-wide water leasing strategy. In August 2020, I met with RGWCD to better understand the groundwater management challenges and the leasing strategy concept. This proposal has the potential to help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the Basin, and support other multi-benefit initiatives.

The RGWCD plays a critical role in managing water supply challenges and provides support to local sub-districts in developing creative solutions to encourage groundwater conservation. I encourage you to give the application submitted by the Rio Grande Water Conservation District your full and fair consideration consistent with all applicable laws and regulations. Thank you for your consideration, and please notify my office of any funds awarded.

Sincerely,



Michael F. Bennet  
United States Senator



State Representative  
DONALD VALDEZ  
Colorado State Capitol  
200 East Colfax Avenue, Room 307  
Denver, Colorado 80203  
Office: 303-866-2916  
Email: donald.valdez.house@state.co.us



Member:  
Agriculture, Livestock, & Water  
Committee  
Transportation & Local  
Government Committee

**COLORADO**  
**HOUSE OF REPRESENTATIVES**

STATE CAPITOL

DENVER

80203

March 29, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives, as does past and ongoing attempts to send water out of the Basin. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation, replacing water depletions caused by groundwater pumping and assuring that the Basin's water resources are used within the Basin. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

More recently, the Rio Grande Water Conservation District has worked with state and local partners, including the Colorado Water Conservation Board, to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods or temporary water leasing to help meet state requirements while sustaining some agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and can be developed in ways that allow for continued agricultural production while also benefiting environmental and recreational attributes such as enhanced streamflows within the Basin. Further, given the success of some of these early projects, there's significant, diverse community interest in developing and implementing a basin-wide water leasing strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the Basin, and support other multi-benefit initiatives.

I would like to provide my wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald E. Valdez".

Donald E. Valdez  
State Representative  
House District 62



## COLORADO

### Colorado Water Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 718  
Denver, CO 80203

03/24/2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

The Rio Grande Basin, and San Luis Valley, is a culturally significant region with a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, wheat, quinoa, and livestock production. The Rio Grande Basin is also home to a thriving recreational industry, much of which is water-dependent, including popular activities such as angling, hunting, and boating.

Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compact compliance. Sustained drought and climate change present serious challenges to these management objectives. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation and replacing water depletions. Traditional approaches to replacing water depletions include the purchase of reservoir water and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

More recently, the Rio Grande Water Conservation District is working with state and local partners to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods to help meet state requirements while sustaining agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and developing ways that allow for continued agricultural production while also benefiting environmental and recreational attributes. Given the success of these early projects, there is diverse community interest in developing a basin-wide water leasing strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the region, and support other multi-benefit initiatives.

The Colorado Water Conservation Board would like to provide our support for the Rio Grande Water Conservation District's WaterSMART Water Marketing Strategy Grant. The proposal will further strategies in the Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,

*Rebecca Mitchell*

Rebecca Mitchell,  
Colorado Water Conservation Board Director







**RIO GRANDE**  
HEADWATERS LAND TRUST

April 1, 2021

US Department of Interior - Bureau of Reclamation  
P.O. Box 25007  
Denver, CO 80225

Re: Upper Rio Grande Basin Water Cooperative Project

Dear Application Review Committee,

The Rio Grande Headwaters Land Trust (RiGHT) enthusiastically supports the Upper Rio Grande Basin Water Cooperative Project application. RiGHT is a 21-year old, local nonprofit land trust serving the San Luis Valley, which is the same focus area as this application. As an organization we focus on using conservation as a tool to benefit agricultural producers, the environment, wildlife, Valley communities, visitors to the area, and others.

Today and likely into the future, water quantity is the San Luis Valley's greatest natural resource concern. The work of the Rio Grande Water Conservation District and each of its Groundwater Management Subdistricts is critical to bringing the Valley's water demand both into compliance with rules and regulations and to a closer match with the wet water supply actually available long-term. RiGHT is actively engaging with the districts to ensure we are a helpful partner in their critical work.

One role RiGHT hopes to play is assisting with marketing the possibility of ag-to-ag water leases within the basin. Working with smaller ranchers every day, we see great opportunity for landowners to lease some water to the subdistricts to replace depletions while the vast majority of their land remains highly productive. This could provide a much-needed second source of income for family farms and ranches that are under a great deal of economic stress, while also preserving stream flows and larger-scale farming.

Thank you for your consideration,

Allen Law, Executive Director, Rio Grande Headwaters Land Trust

PO Box 444 Del Norte, CO 81132  
(719) 657 0800  
[info@riograndelandtrust.org](mailto:info@riograndelandtrust.org)  
[riograndelandtrust.org](http://riograndelandtrust.org)

CONSERVING  
OUR LAND, WATER  
AND WAY OF LIFE  
IN COLORADO'S  
SAN LUIS VALLEY



April 1, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, hay, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation and replacing water depletions caused by groundwater pumping. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

More recently, the Rio Grande Water Conservation District has worked with state and local partners, including Colorado Open Lands, to assess other innovative water conservation and sharing approaches, including conservation easements and the use of alternative transfer methods or temporary water leasing to help meet state requirements while sustaining some agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and can be developed in ways that allow for continued agricultural production while also benefiting environmental and recreational attributes such as enhanced stream flows.

Colorado Open Lands would like to provide our wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,



Anthony P. Caligiuri  
President  
Colorado Open Lands



April 5, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District's WaterSMART Water Marketing Strategy Grant Application

Here at the headwaters of the Rio Grande in Colorado's San Luis Valley, we have a rich history of both water use and active community engagement in collaborative problem solving. Our core economies of agriculture and increasingly recreation rely upon the highly variable, snow-pack dependent water supply. Likewise, we have extensive habitat on both private working lands and public lands which sustain wildlife populations ranging from migratory birds and fisheries to diverse non-game and big game species, including Federally Endangered Species. Statewide, 80% of wildlife species rely upon riparian and wetland that comprise a mere 2 to 3% of Colorado's landscape.

While annual variability of water supply, drought, and long-term drying trends are affecting our economies and habitats we value, a core issue we face is the sustainability of the groundwater supply. Many efforts have long been underway to secure adequate water supply for well augmentation and to maintain compliance with the Rio Grande Compact. With many partners addressing various aspects of water sustainability, the Rio Grande Water Conservation District plays a central role. Through their Groundwater Management Subdistricts and numerous other efforts, we are striving for creative solutions to encourage conservation and provide replacement of water depletions caused by groundwater pumping. While current efforts contribute to the solutions, these approaches may not be able to fully address the needs. Likewise, there is concern that the potential economic impacts of permanent fallowing could well cause extensive economic adversity, affecting the entire community. This project could add additional and useful tools to our collective efforts.

Since the launch of the Salazar Rio Grande del Norte Center's *Water Education Initiative* at Adams State University, the Rio Grande Water Conservation District has worked with us to advance new approaches to community outreach and education, for both students and the public at large. They co-host the annual Rio Grande State of the Basin Symposium as well as provide information, speakers and support for the water education programs offered by the Salazar Center and those of many other local partners. We look forward to working with the District and partners on the communications and outreach aspects of this project, in order to continue to build, enhance and sustain community engagement in water solutions.

The Salazar Rio Grande del Norte Center encourages Reclamation's full support for the WaterSMART Water Marketing Strategy Grant project as proposed by the Rio Grande Water Conservation District. Thank you for your consideration.

Sincerely,

Ms. Rio de la Vista  
Director, Salazar Rio Grande del Norte Center  
Adams State University, 208 Edgemont Boulevard, Suite 3150  
Alamosa, CO 81101





*Kevin Terry, Rio Grande Basin Program Director, Colorado Water and Habitat Project*

Date: 3/30/2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District- WaterSMART Water Marketing Strategy Project

Please accept Trout Unlimited's (TU) enthusiastic support of the Rio Grande Water Conservation District's (RGWCD) application for funding through the United States Bureau of Reclamation's (USBR) WaterSMART Water Marketing Strategy Grant Program.

The groundwater crisis in the San Luis Valley has reached a critical point, as the State Engineer's groundwater rules and regulations are now enforceable after decades of development. Water users, through self-governance, are implementing annual replacement plans that rectify the injurious depletions that wells cause to senior surface water rights. Locally, there is a clear understanding in our communities of the need to integrate new methods and multiple-benefit strategies, that can help maximize the benefits of limited and dwindling supplies of a shared resource, by creating a holistic approach to water sustainability in the San Luis Valley.

TU is motivated to be a partner in this comprehensive effort, and we believe it will create opportunity for partnerships and an effective market by including non-consumptive environmental and recreational water benefits in the approach. We are excited to offer our extensive experience in this arena. In Colorado, TU and our local partners have created a voluntary market-based program, in the Upper Rio Grande to restore stream flows and simultaneously meet the needs of other water users. The program, known as the Winter Flow Program, restores stream flows below 5 working reservoirs in the basin, which have historically shut off outlet flows during the winter to store water for irrigation. Shutting off rivers for 150 days or 40% of the year is obviously not good for fisheries and aquatic ecosystems. Therefore, TU had a need to get water in the streams during this time-period, but we didn't directly have a need for additional uses of the water. This created an opportunity to identify partners that could accomplish their water needs within the winter timeframe, allowing us to restore flows and share costs including reservoir storage. TU has been working with the RGWCD every step of the way, trying to find creative ways to integrate sub-district operations into the Winter Flow Program. We see this project as an opportunity to expand this

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***Trout Unlimited: America's Leading Coldwater Fisheries Conservation Organization***

85 Pinon Circle, South Fork, CO 81154

(970) 799-7682 • [kevin.terry@tu.org](mailto:kevin.terry@tu.org) • [www.tu.org](http://www.tu.org)



effort to new areas of the basin and to develop new tools and the legal framework to do so.

This funding opportunity and project proposal is exactly the support our communities need to move forward towards a sustainable water future, that captures the diverse needs of water and catalyzes diverse partnerships.

Thank You for your consideration of this valuable project,

A handwritten signature in black ink, appearing to be 'M. B.', written in a cursive style.

Rio Grande Basin Program Director  
Western Water and Habitat Program



**COLORADO**  
**Division of Water Resources**  
Department of Natural Resources  
Water Division 3 - Main Office

April 6, 2021

To: United States Bureau of Reclamation

**Re: Rio Grande Water Conservation District @Water SMART Water Marketing Strategy Grant**

Please accept this letter of support on behalf of Division 3 of the Colorado Division of Water Resources (DWR) for the Rio Grande Water Conservation District's WaterSMART Water Marketing Strategy Grant.

A key water management issue in the upper Rio Grande Basin in Colorado centers around the sustainability of the groundwater supply while securing adequate water for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought presents serious challenges to these management objectives. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation, and replacing water depletions caused by groundwater pumping. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

The Rio Grande Water Conservation District, along with other state and local partners, has worked to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods (ATM's) or temporary water leasing, which may be used to help meet state requirements while sustaining agricultural production. This WaterSMART grant will be a key component in the development of these innovative approaches.

I would encourage Reclamation to approve funding for this important project.

Sincerely,

Craig W. Cotten  
Division Engineer, Division 3





## Special Improvement District No. 2 of the Rio Grande Water Conservation District

8805 Independence Way • Alamosa, Colorado 81101

Phone: (719) 589-6301 • Fax: (719) 992-2026

*Protecting & Conserving San Luis Valley Water*

March 25, 2021

To: United States Bureau of Reclamation

**Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant**

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives, as does past and ongoing attempts to send water out of the Basin. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation, replacing water depletions caused by groundwater pumping and assuring that the Basin's water resources are used within the Basin. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

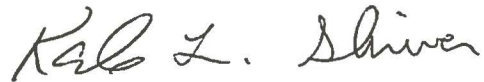
More recently, the Rio Grande Water Conservation District has worked with state and local partners, including the Colorado Water Conservation Board, to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods or temporary water leasing to help meet state requirements while sustaining some agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and can be developed in ways that allow for continued agricultural production while also benefiting environmental and recreational attributes such as enhanced streamflows within the Basin. Further, given the success of some of these early projects, there's significant, diverse community interest in developing and implementing a basin-wide water leasing strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the Basin, and support other multi-benefit initiatives.

The Board of Managers of Special Improvement District No. 2 of the Rio Grande Water Conservation District would like to provide our wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further



strategies in the Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,

A handwritten signature in black ink that reads "Karla L. Shriver". The signature is written in a cursive, flowing style.

Karla L. Shriver, President

Special Improvement District No. 2 of the Rio Grande Water Conservation District



## Special Improvement District No. 3 of the Rio Grande Water Conservation District

8805 Independence Way • Alamosa, Colorado 81101

Phone: (719) 589-6301 • Fax: (719) 992-2026

Protecting & Conserving San Luis Valley Water

March 25, 2021

To: United States Bureau of Reclamation

### **Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant**

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

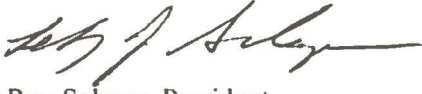
Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives, as does past and ongoing attempts to send water out of the Basin. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation, replacing water depletions caused by groundwater pumping and assuring that the Basin's water resources are used within the Basin. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

More recently, the Rio Grande Water Conservation District has worked with state and local partners, including the Colorado Water Conservation Board, to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods or temporary water leasing to help meet state requirements while sustaining some agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and can be developed in ways that allow for continued agricultural production while also benefiting environmental and recreational attributes such as enhanced streamflows within the Basin. Further, given the success of some of these early projects, there's significant, diverse community interest in developing and implementing a basin-wide water leasing strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the Basin, and support other multi-benefit initiatives.

The Board of Managers of Special Improvement District No. 3 of the Water Conservation District would like to provide our wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the

Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "LeRoy Salazar", with a long horizontal flourish extending to the right.

LeRoy Salazar, President

Special Improvement District No. 3 of the Rio Grande Water Conservation District





## Special Improvement District No. 4 of the Rio Grande Water Conservation District

8805 Independence Way • Alamosa, Colorado 81101

Phone: (719) 589-6301 • Fax: (719) 992-2026

*Protecting & Conserving San Luis Valley Water*

April 5, 2021

To: United States Bureau of Reclamation

### **Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant**

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

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More recently, the Rio Grande Water Conservation District has worked with state and local partners, including the Colorado Water Conservation Board, to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods or temporary water leasing to help meet state requirements while sustaining some agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and can be developed in ways that allow for continued agricultural production while also benefiting environmental and recreational attributes such as enhanced streamflows within the Basin. Further, given the success of some of these early projects, there's significant, diverse community interest in developing and implementing a basin-wide water leasing strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the Basin, and support other multi-benefit initiatives.

Special Improvement District No. 4 of the Rio Grande Water Conservation District would like to provide our support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies for all the subdistrict by supporting the

goals and strategies in their Plans of Water Management, including alternative transfer methods and multi-benefit collaborative projects. We encourage Reclamation to approve funding for this very important project.

Sincerely,

A handwritten signature in black ink that reads "Chris Ivers". The script is cursive and fluid, with the first name "Chris" and last name "Ivers" clearly distinguishable.

Chris Ivers, Program Manager  
Special Improvement District No. 4 of the Rio Grande Water Conservation District



## Special Improvement District No. 5 of the Rio Grande Water Conservation District

8805 Independence Way • Alamosa, Colorado 81101

Phone: (719) 589-6301 • Fax: (719) 992-2026

*Protecting & Conserving San Luis Valley Water*

April 5, 2021

To: United States Bureau of Reclamation

### **Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant**

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives, as does past and ongoing attempts to send water out of the Basin. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation, replacing water depletions caused by groundwater pumping and assuring that the Basin's water resources are used within the Basin. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

More recently, the Rio Grande Water Conservation District has worked with state and local partners, including the Colorado Water Conservation Board, to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods or temporary water leasing to help meet state requirements while sustaining some agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and can be developed in ways that allow for continued agricultural production while also benefiting environmental and recreational attributes such as enhanced streamflows within the Basin. Further, given the success of some of these early projects, there's significant, diverse community interest in developing and implementing a basin-wide water leasing strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the Basin, and support other multi-benefit initiatives.

Special Improvement District No. 5 of the Rio Grande Water Conservation District would like to provide our support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies for all the subdistrict by supporting the



goals and strategies in their Plans of Water Management, including alternative transfer methods and multi-benefit collaborative projects. We encourage Reclamation to approve funding for this very important project.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Ivers". The script is cursive and fluid, with the first name "Chris" and last name "Ivers" clearly distinguishable.

Chris Ivers, Program Manager  
Special Improvement District No. 5 of the Rio Grande Water Conservation District



March 23, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, hay, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation and replacing water depletions caused by groundwater pumping. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

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The Rio Grande Basin Roundtable would like to provide our wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the Colorado Water Plan, including alternative transfer methods and

multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,

A handwritten signature in blue ink, appearing to read "N. Coombs", written in a cursive style.

Nathan Coombs  
Rio Grande Basin Roundtable  
Chairman



623 Fourth Street  
Alamosa, CO 81101  
(719) 589-2230  
[Heather@slvwcd.org](mailto:Heather@slvwcd.org)



April 2, 2021

United States Bureau of Reclamation

RE: Rio Grande Water Conservation District WaterSMART Water Marketing Strategy Grant

Dear WaterSMART Review Committee,

Please accept this letter of support on behalf of the San Luis Valley Water Conservancy District (SLVWCD) for the Rio Grande Water Conservation District's (RGWCD) WaterSMART Water Marketing Strategy Grant proposal. This project would allow the RGWCD and their partners to implement creative and collaborate projects to share water across conservation programs in the San Luis Valley.

The San Luis Valley in Southern Colorado is a rural community with rich cultural and natural resources. The local economy is supported by agriculture and year-round outdoor recreation. The area has long grappled with managing the surface and groundwater supplies, which are limited and variable. Over-appropriation, periodic droughts, and overuse of the aquifers have resulted in the need for strict regulation of water resources. Diverse partners across the watershed are working collaboratively to comply with regulations, while maintaining local agriculture, as well as sustaining environment and recreation attributes.

The RGWCD has been a leader in this effort, working across the basin to develop self-governed groundwater management subdistricts with the goal of keeping agriculture in production while addressing impacts of groundwater use on aquifers and surface water users. This difficult task is made more challenging in the face of limited water supplies and increased frequency of years with lower than average water yield. Therefore, it is critical that water and natural resource managers in the basin develop creative and flexible approaches to water management. The RGWCD's water marketing and sharing project does just that; this innovative project will create a water leasing program that will help meet state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the region, and support other multi-benefit initiatives. It is admirable how the RGWCD and the project partners have devised this project to benefit diverse water interests. This type of creative and inclusive thinking was highlighted as a priority strategy for water management in both the Colorado State Water Plan and the Rio Grande Basin Implementation Plan.

The SLVWCD wholeheartedly supports the RGWCD's project, which is critical to the future success of water users in the Rio Grande Basin. I appreciate the opportunity to comment on the RGWCD's application and I hope you will look fondly on their request for funding through the WaterSMART program.

Sincerely,

A handwritten signature in blue ink that reads "Heather R. Dutton".

Heather R. Dutton  
Manager, San Luis Valley Water Conservancy District

Colorado Rio Grande Restoration Foundation  
Rio Grande Headwaters Restoration Project  
623 Fourth Street  
Alamosa, CO 81101  
(719) 589-2230



April 1, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, hay, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation and replacing water depletions caused by groundwater pumping. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent following.

More recently, the Rio Grande Water Conservation District has worked with state and local partners, including the Colorado Water Conservation Board, to assess other innovative water conservation and sharing approaches, including the use of alternative transfer methods or temporary water leasing to help meet state requirements while sustaining some agricultural production. Early leasing pilots in the region provide a template for scaling these efforts basin-wide and can be developed in ways that allow for continued agricultural production while also benefiting environmental and recreational attributes such as enhanced stream flows. Further, given the success of some of these early projects, there's significant, diverse community interest in developing and implementing a basin-wide water leasing strategy that may help further state and local water management objectives, sustain local agriculture, enhance the ability to keep water in the region, and support other multi-benefit initiatives.

The Rio Grande Headwaters Restoration Project would like to provide our wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,

Emma Reesor

Executive Director, Rio Grande Headwaters Restoration Project



# Terrace Irrigation Company, Inc.

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PO Box 109 Monte Vista, CO 81144

719-852-5638

April 2, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching.

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The Terrace Irrigation Company is in support of this application. As a reservoir company, whose stockholders are surface water users and well owners on the Alamosa River who could potentially benefit from the success of an ATM project, we write in support of the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the Colorado Water Plan, to benefit agricultural, municipal & industrial, and environmental water users. We encourage the United States Bureau of Reclamation to approve funding for this important project.

Sincerely,  
  
Kent Reinhardt, President  
Terrace Irrigation Company





## **Conejos Water Conservancy District**

**P. O. Box 550**

**Manassa, CO 81141**

**Cwcd1971@hotmail.com**

**Phone 719-843-5261 fax 5452**

April \_\_1\_\_, 2021

To: United States Bureau of Reclamation

Re: Rio Grande Water Conservation District @WaterSMART Water Marketing Strategy Grant

The Rio Grande Basin, and San Luis Valley, is a culturally significant region in southern Colorado that is home to a vibrant agricultural economy and outstanding, unique natural landscapes. Agriculture is the region's primary economic activity, with agricultural products sold totaling approximately \$325 million annually and providing a significant source of base jobs in the region. Compared with other agricultural regions in Colorado, and other interior mountain west states, the San Luis Valley also supports a diverse agricultural economy featuring potatoes, barley, hay, wheat, quinoa, and livestock production. In addition to agriculture, the Rio Grande Basin is home to a thriving recreational industry, much of which is water-dependent, including Great Sand Dunes National Park and popular activities such as angling, hunting, boating, and bird watching. Key water management issues in the basin center around the sustainability of the groundwater supply while securing adequate water supply for augmentation and maintaining compliance with the Rio Grande Compact. Sustained drought and climate change present serious challenges to these management objectives. The Rio Grande Water Conservation District plays a critical role in managing these water supply challenges, supporting local subdistricts in developing creative solutions to encourage groundwater conservation and replacing water depletions caused by groundwater pumping. Traditional approaches to replacing water depletions include the purchase of reservoir water, forbearance, and permanent retirement of irrigated agriculture. These approaches could become more difficult due to declining water supply and potential economic impacts of permanent fallowing.

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The Your Organization would like to provide our wholehearted support for the WaterSMART Water Marketing Strategy Grant project proposed by the Rio Grande Water Conservation District. The proposal will further strategies in the Colorado Water Plan, including alternative transfer methods and multi-benefit, collaborative projects. We encourage Reclamation to approve funding for this important project.

Sincerely,

A handwritten signature in blue ink, appearing to read 'N. Coombs', written over a horizontal line.

Nathan Coombs, Manager CWCD

## **Appendix E – Required Federal Forms**