



MEMORANDUM

April 6, 2011

TO: Eric Kuhn, General Manager and CRWCD Board of Directors

FROM: Dave Kanzer, P.E.

RE: **Staff and Executive Committee Recommendations for 2011 Grant Program**

This memo summarizes the staff and Executive Committees recommendations for financial assistance under the 2011 Grant program. It is requested that the Board of Directors adopt (or amend) these recommendations by formal motion.

STAFF REVIEW AND EXECUTIVE COMMITTEE RECOMMENDATIONS:

On March 16, 2011, the Executive Committee of the Board met to review the recommendations of the Staff Grant Review Committee. After an extensive discussion of the merits of the recommended grant projects, grant guidelines and intent of the program, the Executive Committee passed two motions in support of the top 11 ranked grant projects for consideration of the full Board. **The recommended 11 water resource projects are shown in Table 1** in the order in which they were ranked from top to bottom and the associated motions are included at the end of this memo.

This is the second year of the Grant Program that the River District has solicited and accepted grant applications for both small and large water resources-related projects under a single program. Although the total number of applications was down slightly, total requests for financial assistance eclipsed last year's record. The program **received grant requests for over \$1.39 million from 24 qualified applicants** for a wide range of projects **with total project costs between \$10,612 and \$2.77 million**. The total of the grant requests is almost *six times* the amount of money appropriated (\$250,000) and available from the 2011 general fund budget.

In general, it was agreed that the grant proposals received were quite good and represented a diverse mix of water supply development, protection, improvement and related projects and studies. As in the past, it was very difficult for the committees to limit the recommended grant applications without exceeding the available budget. In the end, after careful and specific deliberations, the staff and Executive committees reached consensus and **recommend** that 11 projects throughout the District receive grant funding, including **4 large grants** (greater than \$15,000) and **7 small grants** (less than or equal to \$15,000) – these projects are listed in Tables 1 and 3 and briefly described at the end of this memo.

Previously, on March 1, 2011, the Staff Grant Review Committee (John Currier, Mike Eytel, Dave Kanzer, Martha Moore, and Ray Tenney) met to rank the qualified grant applications. A standardized ranking score sheet was utilized that evaluated the applications and projects for the

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following categories: ***appropriateness, project description, budget, funding, milestones and timelines, technical adequacy, project effectiveness, sponsor's capability, cost effectiveness and participation***. To further help differentiate the projects staff tried to also capture the intangible nature of the proposed projects (e.g., ***project significance, uniqueness, transferability, and perceived "ripeness"***). The maximum possible individual score was 110; the staff scores were averaged and sorted. The staff review committee scores were mostly consistent and the top ranked projects were closely scored.

Pursuant to Board direction, the available grant monies were divided into two 'pots'. Up to \$75,000 was designated to support smaller requests (up to \$15,000 of financial assistance which typically corresponds to projects of \$60,000 or less). The remaining available monies (no less than \$175,000) were designated to support larger projects with a maximum individual project funding cap of \$150,000.

The recommended projects represent a wide variety of water supply projects that meet the multiple objectives of the grant program: *the promotion of beneficial use of water for agricultural, municipal, industrial, and other purposes; watershed management activities; water quality enhancement projects; and/or water use efficiency enhancement projects with ranking priorities given to those project that utilize and/or preserve pre-Colorado River Compact water rights. Specifically (from the published policies and guidelines): "Projects eligible for funding must be located within the physical boundaries of the Colorado River District and should generally address one or more of the following*:*

1. *Development of a new water supply*
2. *Improvement of an existing water supply system*
3. *Measures to improve instream water quality*
4. *Measures which promote water use efficiency*
5. *Sediment reduction measures*
6. *Implementation of watershed management actions*
7. *Tamarisk control measures*

** Priority will be given to those projects that utilize and/or preserve pre-Colorado River Compact water rights (those rights that were put to use before 1922)."*

TABLE 1: YEAR 2011 GRANT PROGRAM - Staff and Executive Committees Recommendations

Contract No.	Project Title:	Complete Project?	County	Sponsorship	Total Project Cost	Grant Amount Recommended
CG11019	Lower Gunnison Restoration - Hartland Dam Diversion	No	Delta	Council	2,768,100.00	\$50,000.00
CG11008	Grand River Ditch Pipeline (aka 'Cactus Valley Ditch')	Yes	Garfield	Company	387,000.00	\$85,500.00
CG11021	Rifle Tamarisk Removal Volunteer Project	No	Pitkin	Volunteers/ Organization	37,027.25	\$10,400.00
CG11022	Dolores River Restoration Tamarisk Removal/Riparian Restoration	No	Mesa	Conservancy	276,500.00	\$15,000.00
CG11009	Gilmores Irrigation Water project	No	Garfield	Individual	10,612.64	\$5,306.32
CG11011	Bellio East Main Pipeline	No	Garfield	individual	64,752.42	\$15,000.00
CG11020	Red Mountain Ditch	No	Ouray	City	90,000.00	\$22,500.00
CG11003	Restoration of the East Mesa Ditch	Yes	Pitkin	Company	184,000.00	\$15,000.00
CG11005	Ware & Hinds Culvert Replacement under Cactus Valley Ditch	No	Garfield	Company	35,500.00	\$10,100.00
CG11006	Lederhause East Field Sprinkler Installation	Yes	Eagle	individual	77,148.00	\$15,500.00
CG11015	Irrigation System Extension	Yes	Garfield	Individual	10,704.27	\$5,352.14
Totals:				11	\$3,941,344.58	\$249,658.46

The Grand River Ditch Pipeline (aka 'Cactus Valley Ditch') reconstruction project is the largest grant application that is recommended for funding (\$85,500) with a total estimated cost of \$387,000. The minimum grant recommended was for \$5,306.32 for a \$10,612.64 irrigation system improvement project.

April 6, 2011 Grant Program Recommendations for 2011

If fully funded, the top eleven projects would require \$279,658.46. Rather than exceeding the \$250,000 appropriation ceiling for the grant program, it is recommended that the grant to the Nature Conservancy for the large scale tamarisk control project along the Dolores River be reduced to \$15,000 from their original request of \$45,000. It is believed that the tamarisk control project can go forward with this partial funding.

Unfortunately, due to funding limitations several very worthy projects that utilized pre-1922 water rights could not be funded. In particular, two large projects to rehabilitate water storage reservoirs (Dinkle Lake and Hopkins Reservoir projects totaling approximately \$226,000 of requests) and a large ditch reconstruction project (West Reservoir Company grant request of approximately \$107,000) ranked well but were beyond the funding threshold.

All of the qualified grant applications that were received are summarized in Table 3 included at the end of this memo. Table 3 lists the grant applications, in the order in which they were received, with the recommended projects shown in bold type. The short narrative descriptions provided by the applicants of the all applications follow, with the recommended projects in bold face type. The full suite of all grant applications and complete grant submissions have been archived in a large binder and can be reviewed in the office. Grant application information is also available in digital format and can be provided on a CD, for your review. If any board member is interested in a CD, please contact me or Gail Guentzel.

Brief History of the Grant Program:

Since 1998 when the Grant program was initiated to support smaller projects, the program has grown significantly, spawning the Large Grant Program and now the combined Grant Program as we know it today. Table 2 below shows the complete history of the program and summarizes the request and funding history to date. Assuming the 2011 Grant program monies are disbursed as recommended, the Grant Program will have distributed almost \$2.45 Million to River District constituents over 13 years.

Table 2: Historical Summary of Grant Program

<i>YEAR</i>	<i># APPLIED</i>	<i># AWARDED</i>	<i>\$ REQUESTED</i>	<i>\$ AWARDED</i>	<i>\$ CONTRACTED</i>
1998	11	8	\$121,368	\$80,118	\$80,118
1999	17	14	\$180,381	\$137,371	\$119,114
2000	29	21	\$275,922	\$177,335	\$162,283
2001	35	16	\$313,396	\$150,833	\$150,833
2002	59	17	\$507,656	\$173,529	\$160,987
2003	64	14	\$663,342	\$157,800	\$157,800
2004	42	17	\$376,309	\$157,639	\$157,639
2005	36	16	\$351,121	\$148,941	\$148,941
2005 ⁺	3	3	\$165,336	\$120,000	\$90,000*
2006	35	12	\$369,961	\$158,295	\$151,600
2007 ⁺	11	2	\$1,143,502	\$150,000	\$150,000
2008	35	12	\$422,421	\$150,828.62	In progress
2009 ⁺	17**	3	\$1,279,656**	\$150,000	In progress
2010 ⁺⁺	39	11	\$1,344,662	\$250,000	In progress

April 6, 2011 Grant Program Recommendations for 2011

2011 ⁺⁺	24	11 (recommended)	\$1,394,406	\$249,658.46 (recommended)	N/A
Totals		177	\$ 8,909,439	\$ 2,412,348.08	1,529,315 ^{\$}

⁺ Large Grant Program

⁺⁺ Combined Grant Program

**Grant No. CG05041 to Upper Yampa Water Conservancy District in the amount of \$30,000 was terminated due to non-completion of originally designed project; proposed changes to the original grant by the grantee were deemed unacceptable*

***This does not include two grant applications that were deemed ineligible for the Large Grant Program because the program does not fund completed projects*

^{\$} As of 2007

Executive Committee Motions:

After a lengthy discussion, Director Mueller moved, seconded by Director Trampe, to recommend to the Board, the list of grant applications as recommended by staff, with the application of the Lower Gunnison Restoration - Hartland Dam Diversion being considered in a separate action. Motion carried unanimously.

Director Mueller moved, seconded by Director Merritt, to recommend to the Board approval of the Lower Gunnison Restoration - Hartland Dam Diversion grant application, with the additional recommendations that the grant not be funded until such time as a contract to construct the dam has been awarded, the project proponents have indicated to staff the project has acquired full funding, and the River District funding is applied solely to construction. Motion carried unanimously.

Director Merritt moved, seconded by Director Trampe, to recommend to the Board to limit financial assistance to tamarisk grants to no more than \$15,000 per grant, and no more than one-third of the total amount of small grant funding awarded. After further discussion, Director Merritt offered an amended motion to accept staff’s recommendation of no more than \$15,000 per grant, and to direct staff to provide further input to the Board on the desirability of a total tamarisk grant funding cap. Director Trampe refused to accept the amendment, which was then seconded by Director Martinez. The motion as amended carried 3:2, with Directors Mueller and Trampe opposing the motion.

A final issue discussed was the possibility of creating an emergency grant category. Director Mueller moved, seconded by Director Trampe, to direct staff to create a formal recommendation to be presented to the Board at a future meeting for the creation of an emergency grant category. Motion carried unanimously.

Future Grant Program Suggestions:

Although the grant program is highly successful and popular, it is recognized that there are areas that could be improved. In addition to refinements to the application, review, ranking and approval processes, staff and Executive Committees discussed the purposes, objectives and effectiveness of the grant program and related issues on March 16, 2011. These issues are divided into two categories below: general observations and on-going issues and recommended action areas. The Executive Committee directed staff to develop recommendations related to grant requests for to address “emergencies.” This will be presented at a future board meeting.

The general on-going grant program issues that the full Board may want to discuss include:

Completed Projects: At present, the ranking criteria are somewhat biased towards completed projects and therefore completed projects have a 'de facto' priority. Historically, larger completed projects were not eligible for the grant program. Current policy and guideline language does not preclude such projects from being funded. Does this meet Board intent for the grant program?

Definition of large / small grant projects: Historically the grant program differentiated applicants by the total cost of the project. Recently, several large projects (greater than \$600,000 in total cost) have requested \$15,000 or less of financial assistance. Does this put them in the 'small grant' category (less than \$60,000 of total cost) and thereby allow them to compete for the first \$75,000 generally set aside for smaller projects?

Tamarisk Control Projects: Recently several studies have suggested that tamarisk may not consume more than native riparian vegetations. Does this merit reconsideration of tamarisk control as an approved grant funding category? Additionally, this year, we received the first 'large grant' request for a large scale tamarisk control project. Does this meet the Board's intent for the 'large grant program'? The Staff recommended to the Executive Committee that it may be appropriate to limit financial assistance for this category to \$15,000. The Executive Committee acted upon this recommendation (see motion, included above)

General Improvements: Along with the Executive Committee and the Board, staff will continue to formulate and recommend policies and/or guidelines that help meet Board intent and to guard against abuses. Program flexibility is beneficial and should be maintained but issues remain in the areas of:

- possible conflict of interest (*e.g.*, should the grant program allow a contractor to be paid for services performed if that contractor is a board member or principle owner of company that would directly benefit from a successful grant?);
- evaluation of applicants' financial need;
- evaluation of public good;
- other intangibles that are not explicitly incorporated into the ranking procedure.

Table 3: Complete List of Submitted Projects for 2011 Combined Grant Program

Contract Number	Sponsor	Project	COMPLETED PROJECT?	COUNTY	OWNERSHIP	Total Project Cost	Grant Amount Allowed/ Requested
CG11001	Town of Rangely	Rangely River Diffuser Feasibility, Engineering and Design	No	Rio Blanco	Town	\$100,000	\$50,000.00
CG11002	Mid Valley Metropolitan District	Mt. Sopris Well No. 6 Construction	No	Eagle	District	\$470,851	\$100,000.00
CG11003	East Mesa Water Company	Restoration of the East Mesa Ditch	Yes	Pitkin	Company	184,000	\$15,000.00
CG11004	BLM	Road Beaver Creek Water Quality Improvement Project	No	Gunnison	Federal	75,266.00	\$37,633.00
CG11005	Ware & Hinds Ditch Co.	Ware & Hinds Culvert Replacement under Cactus Valley Ditch	No	Garfield	Company	35,500	\$10,100.00
CG11006	Michael and Edith Lederhause	Lederhause East Field Sprinkler Installation	Yes	Eagle	individual	77,148	\$19,287.00
CG11007	Boxwr LLC	Welsh Dam & Reservoir Rehabilitation	No	Eagle	Company	946,880.00	\$150,000.00
CG11008	Grand River Ditch Co.	Grand River Ditch Pipeline (aka 'Cactus Valley Ditch')	Yes	Garfield	Company	387,000.00	\$85,500.00
CG11009	Marion and Teresa Gilmore	Gilmores Irrigation Water project	No	Garfield	Individual	10,612.64	\$5,306.32
CG11010	Walker Ditch Co. and Upper Walker Ditch Co.	Yampa River/Walker Ditch Restoration Project	No	Routt	Company	132,250.00	\$33,000.00

Bolded projects are recommended for funding consideration

April 6, 2011 Grant Program Recommendations for 2011

Contract Number	Sponsor	Project	COMPLETED PROJECT?	COUNTY	OWNERSHIP	Total Project Cost	Grant Amount Allowed/ Requested
CG11011	H. John Bellio	Bellio East Main Pipeline	No	Garfield	individual	64,752.42	\$15,000.00
CG11012	Sunset Associates LLC	Sunset Ranch Holding Pond	No	Grand	LLC	75,000.00	\$37,500.00
CG11013	Dinkle Lake Water Co.	Dinkle Lake Reconstruction Project aka Lake Ann	Yes	Pitkin	Ditch and Reservoir Company	429,533.75	\$115,906.75
CG11014	Gunnison Gorge Anglers - Trout Unlimited	Relief Ditch Diversion Reconstruction	No	Delta	Agency/Ditch Board	500,760.00	\$100,000.00
CG11015	Richard Hanson	Irrigation System Extension	Yes	Garfield	Individual	10,704.27	\$5,352.14
CG11016	Visintainer Sheep Co.	Visintainer West Little Snake Pivot B	No	Moffat	Company	156,000.00	\$39,000.00
CG11017	Bd of Directors - The West Reservoir and Ditch Co.	West Reservoir and Ditch Co. Wakefield Ditch Reclamation	No	Delta	Company	383,708.00	\$106,741.00
CG11018	Crystal Valley EPA, Inc.	Coal Creek Baseline Water Study	No	Pitkin	Association	80,000.00	\$40,000.00
CG11019	Painted Sky RC&D	Lower Gunnison Restoration - Hartland Dam Diversion	No	Delta	Council	2,768,100.	\$50,000.00
CG11020	City of Ouray	Red Mountain Ditch	No	Ouray	City	90,000.00	\$22,500.00
CG11021	Roaring Fork Outdoor Volunteers	Rifle Tamarisk Removal Volunteer Project	No	Pitkin	Volunteers/ Organization	37,027.25	10,400.00
CG11022	The Nature Conservancy	Dolores River Restoration Tamarisk Removal/Riparian Restoration	No	Mesa	Conservancy	276,500.00	45,000.00
CG11023	Spring Valley Holdings, LLC	Hopkins Dam Reconstruction	No	Garfield	Company	660,000.00	110,000.00
CG11024	Lake San Cristobal Water Activity Enterprise	Lake San Cristobal Outlet Structure for Water Storage Augmentation	No	Gunnison	Water Activity Enterprise	582,660.00	115,000.00

Bolded projects are recommended for funding consideration