

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

1313 Sherman Street, Room 721
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 866-4474
www.cwcb.state.co.us



TO: Colorado Water Conservation Board Members

FROM: Linda J. Bassi, Chief
Kaylea White *KW*
Stream and Lake Protection Section

DATE: January 19, 2010

SUBJECT: **Agenda Item No. 13, January 26-27, 2010 Board Meeting**
Stream and Lake Protection Section
Proposed Water Right Acquisition on the Alamosa River

Bill Ritter, Jr.
Governor

James B. Martin
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Dan McAuliffe
CWCB Deputy Director

Introduction

The Alamosa Riverkeepers ("ARK") has offered the CWCB the opportunity to acquire 2.5 cfs of water from the Gabino Gallegos Ditch, Priority 11 water right on the Alamosa River near the town of Capulin in Conejos County in Water Division 3. Additionally, the Terrace Irrigation Company has offered 2,000 acre-feet of storage space in Terrace Reservoir to allow the acquired Gabino Gallegos water right to be stored and released for instream flow ("ISF") use by the Board to increase stream flows during the late summer through early winter. Terrace Reservoir is located on the Alamosa River upstream from the Gabino Gallegos headgate. The donation of storage space is contingent upon the required reconstruction of the reservoir spillway and lifting of a storage restriction, which is expected to be completed in the next few years. The reservoir is currently under a storage restriction imposed by the State Engineer because the spillway is unable to pass the Probable Maximum Flood design storm. The offer letter is attached as **Exhibit A**. This proposed acquisition is the first step in the much larger Alamosa River Instream Flow Project ("ISF Project") to restore flows and replace natural resources damaged by mining operations at the Summitville Mine in the upper Alamosa River watershed. Additional water acquisitions are anticipated to reach the goal of 2,000 acre-feet of water stored for ISF use.

Under this proposal, ARK will donate the Gabino Gallegos water right to the CWCB, and the CWCB will change the point of diversion for the water right to Terrace Reservoir, and change the use from irrigation to storage and release for ISF use from the outlet of Terrace Reservoir downstream to County Road 10, a distance of approximately 16 miles. A map showing the stream reaches where the acquired water would be used are attached to this memo.

Staff Recommendation

Pursuant to ISF Rule 6b., the CWCB's consideration of this proposal at this meeting will initiate the 120-day period for CWCB review. **No formal action is required at this time.** The initial presentation of this proposal provides an opportunity to the CWCB and the public to identify questions or concerns that Staff or the ARK will address at this or a subsequent meeting.

History

In 1984, Summitville Consolidated Mining Corporation began construction of an open pit gold mine near the headwaters of the Alamosa River. (See attached map). Although this site had been mined for over 100 years, the new owners utilized a cyanide leaching technology to extract gold from the ore. Shortly after it became operational, there were problems with accidental releases of contaminants from the mine. The acid and metal drainage ultimately resulted in a massive fish kill affecting 53 miles of the Alamosa River. The operator abandoned the mine site in December 1992 and filed for bankruptcy. The EPA Emergency Response Branch assumed responsibility, and the Summitville site was added to the National Priorities List of Superfund sites on May 31, 1994.

The United States and Colorado initiated litigation under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) to recover remediation for the Summitville site. Colorado and the United States successfully recovered \$5 million to restore, replace or acquire the equivalent of the natural resources damaged by operations at the Summitville Mine. The \$5 million award was split evenly between the U.S. and Colorado, and five Trustees were appointed to make joint decisions about how to use the funds. The three Colorado Trustees are: the Colorado Attorney General, the Executive Director of the Colorado Department of Public Health and Environment (CDPHE), and the Director of the Colorado Department of Natural Resources.

From 1992 to 2001, EPA and CDPHE completed several projects to reduce acid mine drainage from the site, and by 2005, site-wide reclamation and contaminant source collection structures were completed. Remediation and reclamation work is still underway at the mine. Recently, Summitville Superfund Site received up to \$25 million in new funding through the American Recovery and Reinvestment Act of 2009, which will be used to construct a new on-site water treatment plant. Construction of the treatment plant is expected to begin in 2010. Once completed, all proposed clean-up work at the Summitville Mine site will be implemented.

Along with ongoing remediation and reclamation efforts at the mine, the Trustees funded a master plan and environmental assessment for the Alamosa River Watershed. The CWCB was assigned responsibility for managing the project on behalf of the Trustees and the Alamosa River Foundation. The purpose of the *Alamosa River Watershed Restoration Master Plan and Environmental Assessment* (Master Plan) was to ensure that funds recovered from the litigation settlement would be used in a manner that “comprehensively addresses the restoration needs of the Alamosa River watershed and is implemented in a manner that is fully and consistently integrated into existing and future Alamosa River projects and the Summitville CERCLA cleanup remedy.”

The Master Plan Final Report, issued by CWCB in 2005, summarized existing environmental conditions in the watershed, identified problems, and developed specific restoration solutions designed to bring about a healthier Alamosa River watershed. The ISF Project was one of the highest ranking projects identified by the Master Plan, and was included in the Preferred Restoration Alternative.

Alamosa River Instream Flow Project

The ISF Project implements several recommendations from the Master Plan and is part of the larger effort to restore and replace damaged resources in the Alamosa River watershed. The ISF Project includes:

- (1) increasing the Terrace Reservoir spillway capacity to remove a storage restriction;

- (2) acquiring senior irrigation water rights on the Alamosa River from willing Sellers;
- (3) transferring the irrigation water rights to CWCB for storage in Terrace Reservoir; and,
- (4) operating Terrace Reservoir to store and release the acquired water for ISF use by the CWCB in the Alamosa River between Terrace Reservoir and County Road 10.

Once operational, the ISF Project is expected to improve the magnitude and duration of surface flows in the river, thereby improving environmental, water resource and recreation values while restoring and replacing resources damaged by operations at the Summitville Mine.

The ISF Project is a two-phased, community-based effort spearheaded by the ARK and Terrace Irrigation Company. Phase I, currently underway, includes purchasing senior irrigation water rights, transferring the water rights to the CWCB, changing the use in water court to ISF use by CWCB, and designing the spillway improvements to Terrace Reservoir. Phase II, which is not yet funded, involves reconstructing the Terrace Reservoir spillway, storing the acquired water rights in the reservoir, and releasing the water rights to restore flows in the Alamosa River during the late summer, fall, and early winter months.

The Board's Water Acquisition Procedures

Rule 6 of the Rules Concerning the Colorado Instream Flow and Natural Lake Level Program ("ISF Rules") sets forth the Board's procedures for acquiring water for ISF use. Section 37-92-102(3), C.R.S. (2009) provides 120 days for the Board to determine what terms and conditions it will accept in an acquisition agreement for water, water rights, or interests in water to preserve or improve the natural environment. ISF Rule 6 requires a minimum of two Board meetings to allow for public input prior to taking final action on a proposed acquisition. The Board's initial consideration of this proposal at this Board meeting initiates the 120-day time period for the Board to consider the terms and conditions of the proposed acquisition. Final action on the proposal could occur at the March 2010 Board meeting. ISF Rule 6m.(4) provides that any person may request the Board to hold a hearing on the proposed acquisition, and that such a request must be filed within twenty days of this Board meeting.

ISF Rule 6e. requires the Board to evaluate the appropriateness of the acquisition and determine how best to utilize the acquired water to preserve or improve the natural environment. The Rules list several factors the Board may consider in its evaluation of the acquisition, which factors are addressed in this memo.

Pursuant to statute, Staff has requested recommendations from the Colorado Division of Wildlife ("CDOW"), the Division of Parks and Outdoor Recreation, the U.S. Department of Agriculture and the U.S. Department of Interior. Pursuant to ISF Rule 6m.(1), Staff has provided notice of the proposed acquisition to all persons included on the appropriate ISF Subscription Mailing Lists and provided notice to the State Engineer's Substitute Supply Plan Notification List. The CDOW's recommendation letter and general comment letters supporting this proposed acquisition are attached as **Exhibit B**.

1. Water Right Proposed for Acquisition

The water right proposed for this acquisition is 2.5 cfs of the Gabino Gallegos Ditch, Priority 11, which diverts from the Alamosa River, downstream from Terrace Reservoir, near the town of Capulin in Conejos County. Priority 11 of the Gabino Gallegos Ditch was decreed for irrigation and domestic purposes by the Conejos County District Court on July 11, 1888, in the amount of 16 cfs absolute, with an appropriation date of April 15, 1870 (see decree attached as **Exhibit C**). The proposed Acquisition Agreement is attached as **Exhibit D**.

The Gabino Gallegos Ditch diverts from the east side of the Alamosa River approximately 8 miles downstream from Terrace Reservoir. The Ditch flows in an easterly direction to irrigate approximately 1,000 acres of alfalfa, pasture grass, small grains and vegetables. In Case No. 82CW097, 1 cfs of the Gabino Gallegos Ditch was transferred to storage in Terrace Reservoir to augment depletions from a development called the Jasper Development.

In addition to the Gabino Gallegos water right, this proposal also contemplates acquisition of up to 2,000 acre feet of storage space in Terrace Reservoir. The Terrace Irrigation Company has agreed to donate the storage space to store the Gabino Gallegos right for ISF use, subject to completion of spillway improvements and obtaining removal of the storage restriction. Reconstruction of the spillway is scheduled for Phase II of the ISF Project, and is anticipated to go to bid this fall. The proposed Storage Agreement is attached as **Exhibit E**.

2. Proposed Method of Acquisition

The Valle Del Sol Community Center, a Colorado non-profit corporation acting on behalf of ARK has entered into a Purchase Agreement with the owner of the subject water right (“the Seller). The Seller has executed a Dry-Up Covenant for the lands historically irrigated by the subject water right. The Valle Del Sol / ARK intend to donate the purchased water right to CWCB. The transaction will close in escrow pending CWCB’s approval. If CWCB elects not to accept the water right, the Deed and Dry-up Covenant will be returned to the Seller, and all escrow money will be released. If the CWCB accepts the proposal, the Deed and Dry-Up Covenant will be released to the buyer and donated to the CWCB for ISF use.

CWCB’s use of Terrace Reservoir to release water for instream flow purposes is contingent upon reconstruction of the spillway; therefore, ARK and CWCB are considering options for using the donated right until the spillway reconstruction is completed, including bypassing the acquired right at the headgate for instream flow use or leasing the water back to the Seller to use for irrigation.

3. Reaches of Stream Proposed for Use of the Acquired Right

The reach of stream proposed for use of the acquired Gabino Gallegos water right extends from the outlet of Terrace Reservoir, downstream approximately 16 miles, to the bridge at County Road 10, which includes the restored section of stream channel between Gunbarrel Road and County Road 10. The Alamosa River is currently dry most years downstream from Gunbarrel Road during late summer until spring runoff.

4. Natural Flow Regime

The Alamosa River watershed is approximately 148 square miles, and ranges in elevation from over 13,000 feet to about 7,600 feet. The headwaters are located near the Continental Divide, and the river terminates at ditch headgates just east of Highway 285. Stream flow in the Alamosa River is derived primarily from snow melt and local precipitation, with peak flows occurring in June. Surface water in the Alamosa River rarely reaches the Rio Grande, located approximately 10 miles to the east. Terrace Reservoir is the only mainstem storage facility on the River.

In the segment of the Alamosa River downstream from Terrace Reservoir, the river is confined by steep valley walls. Peak flow typically occurs in June, and drops off quickly in July and August of most years. Table 1 reflects mean monthly streamflow recorded at the State gage located ½ mile downstream from Terrace Reservoir.

**Table 1 – Mean Monthly Flow (cfs), Alamosa River
downstream from Terrace Reservoir,
State Gage ALABELCO, 1980 – 2008**

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
MAX	141	29	22	29	12	49	195	583	872	415	178	96
AVG	49	12	5	6	5	8	88	381	418	174	92	57
MIN	14	1	1	1	2	2	36	108	53	36	7	9

Approximately 2-3 miles downstream from the reservoir, the valley widens, and irrigation diversions pull water from the River. Senior decreed water rights in the reach of the River between Terrace Reservoir and the Town of Capulin total nearly 90 cfs, and significantly reduce stream flows. The following table from the Master Plan describes the last water right priority expected to be filled in a given month based upon average stream flow at the gage downstream from Terrace Reservoir. The Gabino Gallegos right is priority number 11.

Priority Numbers Expected to be Fulfilled in a Given Month		
Month	Average Flow at Below Terrace Reservoir Gage (cfs)	Last Priority Number Fulfilled by Average Flow
April	97	14
May	363	45
June	418	58
July	185	27
August	103	15
September	51	9

Source: CWRD, 2004

The Capulin Ditch, located downstream from the Gabino Gallegos diversion, is decreed as Priority 10, and can call up to 31.37 cfs past the Gabino Gallegos headgate. By mid-summer, the Capulin Ditch diverts the remaining flow of the Alamosa River.

5. Existing Instream Flow Water Rights

The CWCB does not currently hold ISF water rights on the Alamosa River downstream from Terrace Reservoir. There is an ISF water right located upstream of the reservoir between Treasure Creek/Cascade Creek and the confluence of Wightman Fork (3-82W209), but that water right will not be affected by this proposal.

6. Existing Natural Environment

The Alamosa River is classified as a large river (between 60-90 feet wide) and habitat surveys indicate the stream environment of the Alamosa River could support a self-sustaining fishery in the future, if current water quality and wintertime water quantity continue to improve. In the past, the Alamosa River in this area did support a healthy fishery. Local residents have reported that prior to 1990, the river near Capulin was a popular place for weekend picnics and recreational fishing.

The CDOW has conducted surveys on the Alamosa River and found the fishery has been severely impacted by metals and acids draining from the Summitville Mine site, and extremely low wintertime stream flows. Although the natural environment was severely damaged, recent reports by the CDPHE indicate that aquatic life is returning in the lower watershed, and construction of a new, higher capacity treatment plant this year is expected to achieve the water quality standards and aquatic life goals established for the Alamosa River (CDPHE, March 2009).

In addition to the remediation efforts at the mine, stream channel restoration projects have been completed for 2.5 miles of the River in the reach between Gunbarrel Road and County Road 10. Restoration projects are planned for an additional 2.5 miles of stream in the same area. These restoration projects are designed to improve aquatic habitat and riparian areas along the river, with the expectation that once instream flows are stabilized, the River will be able to support a fishery.

7. Proposed Use of the Water Right

This proposal contemplates storage in Terrace Reservoir of up to 427 acre-feet of water. This amount represents the average annual diversions attributable to 2.5 cfs of the Gabino Gallegos Ditch, Priority 11 water right. Storage will begin in April, when the Gabino Gallegos right comes into priority. Water will be released from Terrace Reservoir to the Alamosa River during late summer/ fall/ early winter to maintain flows in the River downstream to County Road 10 (the restoration reach). The amount of water released for ISF use would include the amount historically diverted by the ditch as well as the historical consumptive use amount. The Master Plan has identified a target flow of 10 cfs for the proposed ISF reach based upon interviews with water administration officials and their experience with water deliveries from Terrace Reservoir. This initial target flow is expected to maintain flows through a longer reach of the Alamosa River than historically available. Staff is working with the CDOW to establish what amounts are needed to preserve and improve the natural environment.

ISF releases from Terrace Reservoir would be used to preserve and improve the natural environment by providing surface stream flows that eventually will naturally percolate down into the stream bed and accrue to the alluvial aquifer. It is expected that the ISF releases will establish more sustainable stream flows in the Alamosa River, replenish the alluvial aquifer and extend surface flows further downstream to County Road 10.

8. Proposed Season of Use

Storage in Terrace Reservoir will begin in April, and continue as long as the Gabino-Gallegos right is in priority. Releases of stored water will be constrained by weather and icing issues, but will generally occur July through December. The Acquisition Agreement and the Storage Agreement both provide for an annual planning meeting to discuss release rates and schedules.

9. Stacking Evaluation

Since the CWCB does not currently hold ISF water rights for the Alamosa River downstream from Terrace Reservoir, there is no need for a stacking evaluation to be completed as part of this proposed water acquisition. However, at such time when ARK purchases additional water rights for donation to CWCB, staff will conduct a stacking evaluation to determine how those additional rights will be combined with the existing Gabino Gallegos right to preserve and improve the natural environment in the Alamosa River downstream from Terrace Reservoir.

10. Historical Use and Historical Return Flows

Ken Knox of URS has evaluated the historical use and historical return flows of the Gabino Gallegos Ditch water right. (See the URS Report attached as **Exhibit F**). The URS report includes an analysis of the historical use and historical return flows associated with the 2.5 cfs of the Gabino Gallegos, Priority 11 water right. The subject water right has been used to flood irrigate 180 acres of alfalfa and small grains. Diversions typically begin in April and occasionally extend into November. Records indicate the Gabino Gallegos ditch is usually in priority and able to divert during the early spring months. However, Alamosa River stream flows decline quickly after spring runoff, and despite the relatively senior priority, the Gabino Gallegos ditch is only able to maintain diversions into the summer months during wet and average years. The URS report indicates average annual diversions for the 2.5 cfs of the Gabino Gallegos right amount to approximately 427 acre-feet. The historical consumptive use attributable to the right is 130 acre-feet.

The URS report also evaluated return flows from the use of the 2.5 cfs Gabino Gallegos right, and found no evidence of excess surface water runoff from the irrigated fields. The report indicates that the land in this area of the valley is quite flat, and URS concluded that any irrigation water not consumed by the crop percolates through the soil and accrues to the unconfined aquifer, not to the surface water. Therefore, maintenance of surface return flows should not be required by this change case because there were no surface return flows historically. The location and amount of groundwater return flows will be maintained by using the entire diversion amount for ISF, allowing the historic return flow amounts to percolate near the same location as historically occurred. The timing of the groundwater return flows may change slightly from a historic practice of spring to mid-summer irrigation to a changed practice of late summer to early fall ISFs. The slight change in timing should not cause any injury to wells because the changed timing of recharge to the groundwater will be absorbed by the groundwater in storage, which will dissipate the seasonal change in timing. It is possible that the historical groundwater return flows may have reached the Rio Grande, but groundwater return flows that may have eventually accrued to the Rio Grande would likely take many years to decades after application to the irrigated field(s) to reach the river due to the minimal hydraulic gradient, distance and permeability through the geologic materials. The changed use to instream flow will provide return flows to the groundwater in the same vicinity and will eventually accrue to the Rio Grande in a similar manner to the former irrigation practice many years to decades after application to ISF. It is highly unlikely that the slight change in seasonal return flow timing will change the timing of return flow accrual to the Rio Grande River.

11. Location of Other Water Rights

There are four large irrigation diversions located between Terrace Reservoir and the Gabino Gallegos Ditch. These four structures divert approximately 43.25 cfs of senior water rights from the Alamosa River, and include the Terrace Main Canal, Alamosa Creek Canal, Valdez Ditch and the El Viego Ditch. The senior Capulin Ditch is located approximately 2.5 miles downstream from the Gabino Gallegos Ditch, and is decreed for 31.37 cfs. Based on information contained in the Master Plan, it appears the Gabino Gallegos Priority 11 would be satisfied through August in most average flow years. However, discussions with Luis Heredia, the District 21 Water commissioner, indicate the Gabino Gallegos right is often called out of priority by the Capulin Ditch in mid-July.

12. Material Injury to Existing Rights

There will be no material injury to existing rights. This proposed acquisition will require a change in point of diversion and change in use for 2.5 cfs of the Gabino Gallegos water right to be stored in Terrace Reservoir. There are several water rights located on the reach of river between Terrace Reservoir and the Gabino Gallegos headgate, including the Terrace Main Canal, J H Valdez, Alamosa Creek Canal, Valdez Ditch and the El Viego Ditch, all of which would be entitled to protection from injury related to any change of the Gabino Gallegos water right. The proposed Terrace Reservoir Storage Agreement contains a provision limiting diversion of the Gabino Gallegos water right into storage to times when the right is in priority and there is physical water available at the historical headgate (without regard to any ISF releases).

Water users located downstream from the Gabino Gallegos Ditch also would be entitled to protection from injury related to any change of the Gabino Gallegos water right. The URS Report evaluated return flows from the historically irrigated lands and concluded that the irrigated lands are extremely flat, and “there is no apparent evidence the return flows migrate back to the stream and contribute toward fulfilling downstream water rights during periods of time in which they are in priority and could apply water to a beneficial use.” In addition, the ISF flow releases will naturally percolate into the stream channel and recharge the unconfined aquifer. These flows will extend further downstream than would have resulted from the original irrigation practice, and water once consumed by the crop will also supplement stream flows and increase the total amount of water added to groundwater.

13. Effect on Interstate Compact Issues

Water rights in Water Division 3 are subject to the water delivery obligations of the 1938 Rio Grande Compact. However, in a 1983 decision, the Colorado Supreme Court determined that the compact negotiators did not include the Alamosa River since “practically no water from [La Jara Creek or Alamosa Creek] reaches the Rio Grande except during periods of flooding.” *Alamosa-La Jara Water Users Protection Association v. Gould*, 674 P.2d 914, 925-26 (Colo. 1983). The Division 3 Engineer has confirmed that the Gabino Gallegos Ditch is not subject to the requirements of the Rio Grande Compact.

Additionally, this proposal will return the consumptive use water which was historically lost to the stream system. For these reasons, staff believes the proposed acquisition will not impair the State’s ability to meet its compact delivery obligations.

14. Effect on Maximum Utilization of Waters of the State

The 2.5 cfs of the Gabino Gallegos water right was historically used to irrigate alfalfa and small grains. The changed water right will be directly put to beneficial use as an ISF to preserve and improve the natural environment to a reasonable degree. This proposal is also an integral first component of the Instream Flow Project, which will provide increased water level in the aquifers, thus contributing to maintaining a more sustainable aquifer condition and eventually an associated base flow in the river to support a healthy fishery.

15. Availability for Downstream Use

The Alamosa River is a losing stream in the reach downstream from Terrace Reservoir. Most of the surface flow is either diverted for irrigation use or lost through the stream bed to groundwater. Although the proposed acquisition is expected to increase stream flows through a longer reach of stream, the additional stream flows provided by this water acquisition will also percolate into the stream bed of the Alamosa River and accrue to the unconfined aquifer. For that reason, there will be no surface water available for subsequent, downstream use.

16. Administrability

CWCB staff has discussed administration of this proposal with Craig Cotten, the Division Engineer, and the District 21 Water Commissioner. Although there are several large diversion structures within the proposed ISF reach, water officials believe the ISF releases from Terrace Reservoir will be administrable. To facilitate administration, there is a State-operated satellite gage located on the Alamosa River approximately 0.5 mile downstream from Terrace Reservoir.

17. Potential Benefits of This Proposed Acquisition

This proposed acquisition is just the first step of the much larger ISF Project to restore flows to the Alamosa River. Additional water acquisitions are anticipated in order to bring the ISF storage up to 2,000 acre-feet. The potential benefits of the proposed ISF Project are described in great detail in the Master Plan and Environmental Assessment, and include:

- Releases of stored water will restore the highly altered hydrologic regime of the Alamosa River which impairs natural functions and values;
- The Project is designed to improve the natural environment that was injured by release of hazardous substances from the Summitville Mine site;
- Existing riparian habitat along the lower Alamosa River will be enhanced and new habitat created due to introduction of more sustained and dependable stream flows and increased ground water levels;
- Improving stream flow characteristics in the lower Alamosa River will improve biological resources, with the goal of eventually recovering a sustainable fishery;
- Increasing the duration of stream flows in the lower Alamosa River should increase alluvial groundwater levels adjacent to the stream;
- Additional public benefits include maximizing the storage capacity in Terrace Reservoir, providing fishing, skating, and other recreational activities, healthier grass meadows and domestic well levels; and
- Preservation and improvement of riparian areas, stream restoration, and instream flow would benefit waterfowl, sparrows, warblers, raptors, beaver and other species known to inhabit the riparian zone.

Additionally, the CDOW determined that this water right acquisition “will potentially increase the amount of time the Alamosa River carries sufficient flows to maintain a fishery and it will also extend the reach of wetted stream channel downstream” and will “increase the quality of the instream habitats currently associated with this segment of the Alamosa River.” CDOW’s recommendation letter is attached as **Exhibit B**.

18. Cost to Complete Transaction

This water right acquisition was contemplated in Phase I of the ISF Project, which was funded in part by a grant from the Summitville Natural Resource Damage (NRD) account. CWCB has provided matching funds to the ARK in the amount of \$100,000 from the Severance Tax Operational Account.

Phase II of the ISF Project, which includes rehabilitation of the Terrace Reservoir spillway, has not yet been funded. Additional funds from the NRD account are available, but will also require matching funds.

Potential CWCB costs could include analysis of the water right acquisition proposal, as well as costs associated with preparing, filing, and prosecuting a change of water right application for the acquired water right. CWCB may also incur costs associated with monitoring ISF releases

from Terrace Reservoir. However, there may be additional outside funding or partnership opportunities available to defray potential CWCB costs.

The CWCB has a history of supporting the Alamosa River watershed restoration project. In addition to partial funding and management of the \$250,000 Master Plan, the Board has provided assistance to ARK in the form of matching funds from the Severance Tax Operational Account to leverage NRD monies for the ISF Project. In FY 2008-2009, ARK received \$100,000 in matching Severance Tax funds to be used for engineering and legal services and purchasing water rights. By accepting this water donation, CWCB can continue to support this important restoration project and maximize benefits from its previous expenditures.

Staff Recommendation

Pursuant to ISF Rule 6b., the Board's consideration of this proposal at this meeting will initiate the 120-day period for Board review. **No formal action is required at this time.** Staff believes that this proposed acquisition will benefit the ISF Program and assist the ARK in achieving their restoration goals for the Alamosa River. The initial presentation of this proposal provides an opportunity to the Board and the public to identify questions or concerns that Staff or the ARK will address at this or a subsequent meeting.

Attachments

Maps

Exhibit A – Offer Letter

Exhibit B – CDOW Recommendation and Other Comment Letters

Exhibit C – Decree

Exhibit D – Acquisition Agreement

Exhibit E – Storage Agreement

Exhibit F – URS Report