

CITY OF CRAIG, COLORADO

RESOLUTION NO. 24 (2025)

A RESOLUTION APPROVING A PROPOSAL FROM WILSON WATER GROUP FOR ENGINEERING SUPPORT TO PREPARE THE DILIGENCE FILING ON THE CALIFORNIA PARK RESERVOIR WATER RIGHT AND APPROPRIATING FUNDS FROM THE WATER FUND ENTERPRISE.

WHEREAS, in 2022 the City of Craig (the “City”) initiated a Water Rights Study with Wilson Water Group (“WWG”) to evaluate and protect the City’s water rights portfolio, including the California Park Reservoir conditional storage water right; and

WHEREAS, WWG has provided continuing technical and engineering services to the City with respect to this water right, including coordination with the Colorado River District and support for prior diligence filings; and

WHEREAS, the City now requires engineering support from WWG to prepare the required diligence application in Water Court, Case No. 18CW3032, due in November 2025; and

WHEREAS, the scope of services proposed by WWG includes:

1. Preparation of the required report under Paragraph 16 of the decree in Case No. 18CW3032;
2. Development of an engineering letter to support the City’s claim to make the conditional water right absolute; and
3. Review and coordination with the City and outside counsel to support the application strategy; and

WHEREAS, the proposed budget for this scope of work is \$17,280, to be billed on a time and materials basis, which shall cover professional services through November 2025, with any unspent funds to be rolled forward into subsequent phases of the water court proceedings; and

WHEREAS, the City has determined that it is in the best interest of the public to approve this proposal without competitive bid due to the specialized and ongoing nature of WWG’s work for the City beginning in 2022; and

WHEREAS, the Council further finds it necessary to appropriate funds from the Water Fund Enterprise to cover the cost of this scope of work.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CRAIG, COLORADO, THAT:

1. The proposal and scope of work submitted by Wilson Water Group for engineering support related to the California Park Reservoir conditional water right diligence filing is hereby **approved**.
2. The City Council hereby authorizes the appropriation of **\$17,280** in the Water Fund – SVC Water Rights (50-65-33900) is increased from \$4,800 to \$22,080 to pay for said services.
3. The City Manager, or their designee, is authorized to execute all necessary documents to implement this Resolution.

Resolved and adopted this ____ day of _____, 2025.

CITY OF CRAIG, COLORADO

Chris Nichols, Mayor

Attest:

Katie Carmody, City Clerk



Engineering Support for California Park Reservoir Water Right Diligence

Scope of Work

July 11, 2025

Wilson Water Group (WWG) is pleased to submit this Scope of Work to the City of Craig (City) to provide engineering support for the conditional California Park Reservoir Storage Water Right diligence application in Water Court due in November 2025. WWG will work closely with the City and outside counsel (David Bower) to prepare the engineering portions of the application in a cost-effective manner.

The deliverables for this scope of work will be the report required by Case No. 18CW3032 and an engineering letter to support the City's claim to make the conditional water right absolute.

Background

In 2022, WWG began working with the City to perform an analysis on the City's water rights portfolio (Water Rights Analysis). WWG identified that the City's conditional storage water right, known as the California Park Reservoir right, is decreed for multiple beneficial uses that are not decreed uses for the City's absolute storage right in Elkhead Reservoir. It is to the City's advantage to store under the California Park Reservoir right so that the stored water can be used for these beneficial uses. The California Park Reservoir right can be released for municipal use at the City's water treatment plant and/or leased to agriculture for irrigation and stockwater use. The right can also be used for industrial and power generation purposes, which may be able to support future hydropower generation at Elkhead Reservoir. The California Park Reservoir right can also be used to support in-reservoir recreation at Elkhead Reservoir, in the same way that the absolute water right is currently being used.

In the last diligence case (18CW3032), the Division Engineer identified the need for more robust accounting in order to track the California Park Reservoir right in Elkhead Reservoir (Paragraph 7). The Colorado River District performs the accounting for Elkhead Reservoir. In 2023 and 2024, on behalf of the City, WWG worked closely with the Colorado River District to revise the accounting form in order to track storing the California Park Reservoir right in the City's account. The accounting showed that in 2023 and 2023, the City filled their pool in Elkhead Reservoir with California Park Reservoir water. These forms were submitted to the Division Engineer but were rejected because the Division Engineer required that the City abandon their absolute water right in Elkhead Reservoir.

Scope of Work

Task 1 – Required Report

In Case No. 18CW3032, the City and the Yampa Project Participants (Tri-State) were co-applicants for diligence of the conditional California Park Reservoir water right. In Paragraph 16, the decree stated that the City will “...review their conditional water rights portfolios stored in Elkhead Creek Reservoir during the ensuing six year diligence cycle, which reviews will results in separate reports for each Applicant, that: (1) identifies a reasonable water supply planning period; (2) identifies whether and how the subject conditional rights can be developed from a physical and legal standpoint; (3) prioritizes such development, analyzes the amount of water reasonably necessary to serve its reasonably anticipated needs, and evaluates whether any of the subject conditional water rights will not be needed or usable; and (4) analyzes the amount of water physically and legally available at each point of diversion.”

WWG will use the information previously developed for the City’s Water Rights Analysis and perform any additionally required analysis necessary to prepare the required report to address the required items in Paragraph 16 on behalf of the City. The report will discuss the importance of maintaining this water right, along with its beneficial uses, to support potential future growth and provide drought protection for the City.

Task 2 – Support Absolute Claim

WWG will prepare a short (1 to 3 pages) engineering letter supporting the City’s claim to make the conditional water right absolute. The engineering letter of support will clearly document how the California Park Reservoir water right was stored in-priority through bookover operations in Elkhead Reservoir and discuss the interaction between the City’s water rights in Elkhead Reservoir. WWG will coordinate with the River District to include copies of the 2023 and 2024 Elkhead Reservoir accounting forms as attachments to the letter.

Task 3 – Review and Coordination

WWG will review the diligence application prepared by the City’s outside counsel (David Bower). We will provide comments on any engineering issues. WWG will also coordinate via virtual meetings and emails with the City and David Bower on the City’s strategy for the application and WWG’s deliverables.

Schedule

This Scope of Work will be completed prior to the due diligence filing deadline of November 30, 2025.

Budget

WWG’s effort for this scope of work will be billed on a time and materials basis not to exceed \$17,280 using the following rate sheet. Table 1 provides the budget details by task.

Table 1: Budget by Task

Task	Description	Budget
1	Required Report	\$10,800
2	Support Absolute Claim	\$4,320
3	Review and Coordination	\$2,160
Total		\$17,280

Rate Sheet

	<u>Hourly Rate</u>
PRINCIPAL	\$ 220.00
SENIOR PROJECT MANAGER	\$ 200.00
PROJECT MANAGER	\$ 180.00
SENIOR PROJECT ENGINEER.....	\$ 160.00
PROJECT ENGINEER.....	\$ 150.00
SENIOR STAFF ENGINEER	\$ 140.00
STAFF ENGINEER	\$ 130.00
GIS SUPPORT	\$ 110.00
ADMINISTRATIVE SUPPORT	\$ 100.00

Travel costs associated with airfares, airport parking, hotels, and meals will be billed as direct expenses. Mileage for automobile travel will be billed at the current Federal GSA POV mileage reimbursement rate. Other direct expenses may include report and presentation copy costs, dependent on the number of pages/copies required.

Presented to the City Council on August 26, 2025

Lisa Brown, Wilson Water Group

City of Craig: Water Rights Engineering Support

Overview

- Brief Review of Efforts to Date
- Update on California Park Reservoir Water Right
- Contract Amendment Request



Water Right Analysis – Brief Review

Purpose

- Wilson Water Group was hired by the City in 2022 to complete a Water Rights Analysis
- Document the City's water rights portfolio
- Secure the City's water rights against future challenges
- Analyze the ability of the City's water rights portfolio to meet future demands
- Set up the City for future success

Progress to Date

- New accounting form - tracks diversions by water rights
 - Annual reporting successfully submitted to the State in 2023 and 2024
 - Incorporated Yampa Valley Golf Course water rights and measurement into the accounting in 2024.
- Grant writing – secured \$10,000 from the Yampa-White-Green BRT for real-time stage measurement of Fortification Creek
- Final Report completed in 2023
 - Details of the water rights yield modeling
 - Whitewater park considerations



California Park Reservoir Water Right

Review Water Rights and SEO Reporting

- In Elkhead Reservoir, the City holds:
 - 1 absolute storage right
 - 1 conditional storage right, known as the California Park Reservoir
- Risk to the City of not showing sufficient progress toward developing the California Park Reservoir right in the next diligence case (November 2025)
- In 2023, WWG worked with the River District to enhance Elkhead Reservoir accounting spreadsheet
- Enhanced accounting showed California Park Reservoir right stored in 2023 and 2024!

In-reservoir: Not a useful municipal supply

Name	Amount (acre-feet)	Priority Date	Case No.	Beneficial Uses
Absolute Right	5,389	10/1/1966	CA2259 & W0973	fish propagation, wildfowl habitat, production of fur-bearing mammals and other recreational uses
California Park Reservoir	4,945	8/7/1962	CA2259 & 93CW131 & 18CW3032	irrigation, domestic, stock watering, municipal, industrial, power generation, recreational

Useful municipal supply!



California Park Reservoir Right

- State did not accept the upgraded Elkhead Reservoir Accounting in 2023 or 2024.
- Met with State water officials on August 13, 2025 to discuss their concerns.
- Very productive meeting. We believe we have a clear path forward.
- Currently working with the River District to address the State's comments.

California Park Reservoir Right - Diligence

- Under Colorado Law, water users must show progress towards developing a conditional water right.
- This is called “diligence” and is due every 6 years.
- California Park Reservoir Right diligence is due end of November 2025.
- City is required to submit a report outlining the City’s water rights portfolio, future demands, and how the City will prioritize using the California Park Reservoir Right.



Contract Amendment Request

Contract Amendment: Prepare for Diligence Filing

- Strategy:
 - Meet terms of previous diligence decree (18CW3032)
 - Present accounting showing how the City stored the California Park Reservoir right in 2023 and 2024
 - Coordinate with Tri-State, but file separately.

Contract Amendment: Prepare for Diligence Filing

- Task 1 –Write Required Report
 - Repackage 2023 Final Report.
 - Perform additional analysis required by 18CW3032.
- Task 2 – Support Absolute Claim
 - Present Elkhead Reservoir Accounting.
 - Coordinate with the River District.
 - Address comments from the State before November deadline.
- Task 3 – Review and Coordinate
 - Review materials prepared by the City's outside counsel.
 - Coordinate with Tri-State.

Contract Amendment – Requested Budget

Task	Description	Budget
1	Required Report	\$10,800
2	Support Absolute Claim	\$4,320
3	Review and Coordination	\$2,160
Total		\$17,280

Questions?

Thank you!

Lisa Brown

Lisa.Brown@wilsonwatergroup.com

303-953-1923