

Water Values

US Dept. Of Energy to pay \$2.1 m to extend water and sewer lines west of Rifle because of ground water contamination from uranium and vanadium. Extended line could bring service to about 1,000 undeveloped acres. Distance is 2.5 miles along Interstate 70.

Source: Marija B. Vader, (21Apr00) Feds To Pay \$2.2 million For Rifle Water Line, The Daily Sentinel, (Grand Junction, CO) pp 1B and 8B.

Developers of Boomerang and T-Bone Ranch Developments near Greeley may purchase water from city. Water prices in area have gone for several thousand dollars to as much as \$10,000 per unit of 245,000 gallons [?] which is as much as needed by family of four in a year [an acre foot?]. For developments requiring over 2 million gallons, developers are supposed to find own water but they can not.

Source: Anon. (17Feb00) Developers May Purchase Raw Water From Greeley, The Greeley Tribune (Greeley, CO), no page.

Twenty-five owners of shares in Rocky Ford Ditch who are not willing to sell their shares to Aurora turned down \$56,000 per share. The City of Aurora who has more than ½ the shares offered 65 owners of 333 shares about \$56,000 per share. Sale will dry up 3,000 acres and net Aurora 5,000 acre-feet or enough to provide for 5,000 families. Total project expected to cost \$20 million. Some not selling say this is not trickle down economics. Irrigated crop land in Otero Count taxed at income-based value of \$775 per acre and average value on non-irrigated pasture is \$15 per acre. Opposers want to know how much consumptive use Aurora seeks. Consumptive use is a measure of how much of a water right was actually used by plants being grown in an irrigated field and is the only water the owner can legally sell. Water that seeps into the ground water in delivery ditches or is otherwise not used by crops can not be sold because it emerges elsewhere for other water owners.

Source: James Amos (19Apr00) Water Sale Holdouts Cite Other Values, Pueblo Chieftain, (Pueblo, Colorado) pp. 1A and 2A.

Prices for water rights are soaring. Price for Big Thompson water gone from \$3,000 per acre-foot to \$15,000 per acre-foot in past year and dropped back to \$12,000. Bankers conference told to tighten up as people are trying to get liens on water. A \$15,000 building permit becomes \$30,000 when the cost of water is included. Find out how those shares are encumbered. Whether or not a water right is real property depends on intent of the parties. You need to know what is happening in water court and can file a statement of opposition to a transfer.

Source: Gail Pitts (29Apr00) Bankers Told To Keep Tabs On Borrowers' Water Rights, The Pueblo Chieftain, no page.

Postponement of flood-way removes threat of property value loss. [That loss was not present in the absence of regulations?] Flood way is a part of the river's overall flood plain but are usually hardest hit when a flood occurs. CoE headed study. Property owners say study takes our property values totally away. Last study done in 1976 and now better technology and the rive has changed. Property in the new estimated flood way will likely be rezoned as conservation districts. If so, after loss of more than 50% there is no rebuilding owners can not build

additions to the ground level of buildings. FEMA might stop underwriting flood insurance for every property in the city if the city does not adopt the new ordinance.

Source: Jesse Stephenson (3May00) Flood Plain Plan Delayed, Greeley Tribune (Greeley, CO) p. A7.

Colorado River Water Conservation District criticized the US Forest Service decision to charge the City of Steamboat Springs \$250,000 to enlarge a reservoir. The city will sue the Forest Service and the District will contribute \$5,000 toward effort. City gets its water from Fish Creek reservoir which contained 1,800 acre-feet. City wants to enlarge reservoir and need 50 acres. Forest Service says land is valued at \$250,000. City says land underwater worth nothing and FS can wave the fee. FS appraised land as if for 35 acre homesites even though land inaccessible most of year. Steamboat completed project and is paying \$15,000 a year. Larger issue is that virtually every water project relies on federal land use authority.

Source: Marija B. Vader (21Apr00) River District Backs Steamboat In Fight Over Reservoir The Daily Sentinel, no page given.

Aurora - Arkansas Water

Recent agreement on "found water" storage. Requires amendment of HR 1114 authorizing studies & enlargement of Turguoise and Pueblo Res. Agreement - is Aurora water 1st to spill, subordinate to all district uses, storage limited to existing rights plus Rocky Ford Ditch rights it buys.

An average Aurora stores 3,000 to 4,000 acft in Pueblo Res. Aurora has also approx. 2,700 acft in Twin Lakes, 5,000 in Turguoise, right to store 15,000 of Homestead water in Turguoise.

Spill since storage began in Pueblo Res. 1895 - 536
1989 - 433 2000 - 708. Storage started in 1993.

Source. Mary Jean Porter (1 Nov 2001) Aurora always on search for water storage space, The Pueblo Chieftain - no page

p1 Agreement - Aurora pays \$7.5^m to ~~and~~ Otero County and water district. Rocky Ford Ditch is water from 2,800 acres of irrigated land. Aurora will water district to pass on to Otero County the loss of

p2 tax revenue. Aurora pays \$1^m up front and \$1.25^m over 25 years for storage

Aurora pays Otero \$125,000 for an expansion study of a Western Slope diversion project.

Aurora will make up difference in taxes for 90 years

Aurora will revegetate the 2,800 acres dried up

Source Barry Moran (4 Nov 2001) Aurora pays in water war The Gazette (Colorado Springs) pp Metro 1 and 2

Aurora - Arkansas water agreement

Aurora - ^{to Otero County} 1) make payments for 20 years on land dried up in sale of 288 shares of Rocky Ford Ditch ²⁾ pay first \$125,000 of Otero County's share of feasibility study of Preferred Storage Options Plan to enlarge Pueblo Reservoir. This is in Intergovernmental Service agreement.

1) pay for 20 years any decrease in taxes revenue between actual taxes assessed against 2,860 acres dried ²⁾ continue for same period payments now being made for 4,100 dried up by 1st sale of Rocky Ford water. ³⁾ if Aurora reaches agreement with Rocky Ford School District, payments deducted from Otero amount. ⁴⁾ Aurora agrees to maintain Rocky Ford Ditch in perpetuity. ⁵⁾ Aurora ~~will~~ develops a land use plan for the 4,100 it currently owns with input from Otero County and municipalities and involve owners of 2nd water to sale land. ⁶⁾ if Aurora has water in excess it will make some of it available to Otero County. ⁷⁾ will pay 1st \$125,000 of feasibility for Preferred Storage Options plan for 5,000 acft enlargement of Pueblo Res.

Otero - with draw opposition to Rocky Ford Ditch sale and support HR 1714 to authorize Bureau of Rec to contract with Aurora for excess space in Fry-Ark project. and to study enlargement of Pueblo Res.
Source Mary Jean Porter (31 Oct 2001) Otero County, Aurora reach deal, The Pueblo Chieftain, pp. 1A and 2A.

Water Prices for Colorado Big Thompson and Projected Needs

Development company is buying 320 acres of farmland for 270 shares of C-BT water.. Shares sold for \$3,600 a share in 1998; in 2000 they sold for as much as \$7,000; in late February a sale was for \$14,000 a share at a total of \$3.78 million. Water has been used for agriculture and change of use can take many years. This water may also need pipeline from Poudre Canyon or Fort Collins to be useful for development. Developers are now typically required to provide 1 to 4 acre feet per acre of new development. Because many communities only accept C-BT water, there is now a premium price on it. Struggling farmers are now gone and less water is on market. Loveland has accepted cash in lieu of an acre-foot for acre of development - in January the amount went from \$3,200 to \$5,400. Next week there is consideration of raising the amount to \$12,500. Greeley, facing loss of major employers, has capped fee at \$10,000 and acre-foot. Fort Collins still sets fee at \$3,500 per acre foot. The Fort Collins - Loveland Water District has tripled its fee to \$9,500 and Windsor is doing same. Larger national builders are buying water up and down the Front Range but this is difficult for small builder. This raises cost of housing. However, Northern Colorado Water Conservancy District study projects need for 240,000 acre feet to complete build out described in current land use plans and solution is new sources of water. *** One solution is to capture water in eastern Colorado and pump it back up stream. SOURCE: Sonja Bisbee Wulff (2000) Water Share Prices Skyrocket, Northern Colorado Business Report, March 10, pages 1a, 6a, 7a.

Water Prices and Future Needs for Lower Arkansas

Southeastern Water Conservancy District projects need for 132,000 acre-feet of storage in next 40 years. Reviewed 31 sites and narrowed down sites to 6. Preferred plan is to change operation of Frying Pan - Arkansas to create almost 50,000 acre-feet; increase Lake Pueblo for 44,200 acre-feet; increase Lake Meredith for 19,900 acre-feet; increase Turquoise Lake by 19,500 acre-feet for total of about 132,000 acre-feet but this is less than projected need for 173,000 acre-feet. But, 66,000 acre-feet for agriculture dropped and replaced with 25,000 acre-feet management pool as ag. Users would get little from adding 40,000 acre-feet to winter storage program and could not afford the cost. Pool would hold water for banking and interruptible supply plans. Spills of Lake Pueblo are only 6 of 30 years now. Environmental problems are flooding wetlands around existing reservoirs and water quality effects in downstream shallow reservoirs. Salinity and Selenium levels could increase by 10%. Total project would cost estimated \$130 million and consideration is for entities benefitting to pay for annual \$7.3 million in operations. Cost for new storage capacity is \$1,450 per acre-foot and this is said to be cheap by Denver standards of \$2,500 to \$3,000 per acre-foot. District management could raise mill levy or charge district water users \$5 - \$6 per acre-foot. A district board member said raising the mill levy would be the most fair because it would only cost the average home owner \$7.00 per year. This includes El Paso county home owners. SOURCE: James Amos (2000) Expanded Water Storage Studied, The Pueblo Chieftain, March 15, page 5D.

Longmont officials have been working since 1996 to expand Union Reservoir from its current capacity of 12,780 acre feet to 32,000 acre feet. The reservoir would hold 11.2 billion gallons of water when the expansion is complete.

Water rights on forefront of long-term growth plans for county's cities, towns

BY CLAUDIA HIBBERT-BEDAN

Staff Writer

People in Boulder County probably don't think about it when they turn on the sprinklers for their kids to cool off from summer heat.

Or when they use hoses to wash debris from their driveways.

Or when they just turn the tap for a drink of water.

But the directors of public works departments in the county think about water most of the time. They continually pursue new water rights and storage units for their water supplies, but they really don't worry about having enough water to support the growth in their cities.

Boulder County is the third fastest-growing county in the Denver metro area, but most of the cities here have 10- or even 20-year plans to assure that there will be enough water for current and future residents.

"That's how far we plan ahead," says Dean Rademacher, of Longmont's Water and Wastewater Utilities Department. "Even though we have been experiencing some fairly significant growth in Longmont, our water demands have not been increasing in proportion to that growth."

Rademacher says Longmont officials have been tracking the city's historic water use since 1964, and they have found that the city's per capita usage rate is declining. Rademacher attributes the water usage trend to water conservation initiatives, including low-flow plumbing fixtures in new homes, as mandated by federal, state and local laws.

As Longmont builds out its planning area, water storage projects are in the works, one being the enlargement of Union Reservoir. The city has been acquiring land for the project since 1996, but Rademacher doesn't expect construction to begin for another 10 to 20 years. The plan is to expand the reservoir from its current 12,780 acre feet to 32,000 acre feet, which holds about 11.2 billion gallons of water.

Longmont also supplies water to the town

of Lyons, whose administrators recently heard from a consultant who'd been hired to determine whether the town needed more water-storage units and whether the town had sufficient water rights.

The consultant told town officials that adequate storage could cost between \$4.4 million

and \$10 million. Either way, water bills for residents in Lyons will increase, whether Longmont continues to supply the town with treated water or whether Lyons builds its own water treatment plant.

Lyons will get a \$60,000 state environmental grant to pay for a water plan and pilot a microfiltration program this spring. Muddy waters are common in Lyons during spring runoffs, and residents often boil their water to sterilize it.

The ultimate goal of cities in the county is to have a surplus of water rights in case of a drought.

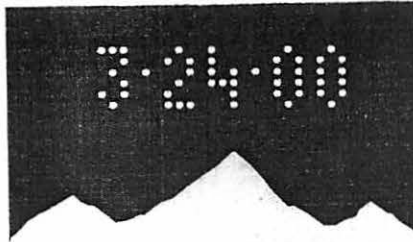
Lafayette Public Works Director Doug Short, who follows research findings about the climate, says a drought could happen at any time. "There have been droughts in the United States and the western United States

> See **Water**, page 26A

"We have enough water to sustain our build-out, which has yet to occur."

Doug Short

**PUBLIC WORKS DIRECTOR,
CITY OF LAFAYETTE**



**BOULDER COUNTY BUSINESS
REPORT**
Boulder, CO
(Boulder County)

Colorado Press



CHARLIE FELLENBAUM

Doug Short, Lafayette's director of public works, says the city owns about 70 percent of the water in Baseline Reservoir, one of three areas where the city stores its water supply.

WATER from page 24A

periodically all through time. We had a real big one back in the '50s, then in the late '70s we had a little tiny drought."

Water rights, however, are expensive to acquire. One acre foot of water, the equivalent of about 350,000 gallons, which could supply a year's worth of water to three families, costs between \$7,000 and \$10,000 per acre foot.

The city of Boulder will pay \$12.75 million to acquire Barker Reservoir, although the city long had rights to use the reservoir through an agreement with Public Service Co., says Ned Williams, Boulder's public works director. "This (acquisition) will change those rights, so we'll kind of go from a renter to an owner (of the reservoir)," Williams explains. Acquiring the reservoir will add another 1,000 acre feet to Boulder's water portfolio. The city's entire portfolio consists of about 35,000-40,000 acre

feet of water.

Most of the cities in the county get their water from reservoirs, from shares they own in irrigation ditches or from their involvement in the Northern Colorado Water Conservancy District.

Lafayette owns about 70 percent of the water in Baseline Reservoir, one of three areas where the city stores its water.

"Back in the mid-'70s, the city of Lafayette had serious water supply problems," says Short. "In fact, there was a moratorium on water connections, because they didn't have enough supply. That's why the city went out and purchased Baseline Reservoir. We store our water there, then we pump it out of Baseline to be treated.

"We have enough water to sustain our build-out, which has yet to occur," he continues. "We're close; we're not completely there yet."

Water share prices skyrocket

By **Sonja Bisbee Wulff**
The Business Report

GREELEY — David Calvin and his partners in Ashcroft Draw LLC, a Greeley development company, made their millions last month.

In January, the group bought a 320-acre farm outside Greeley. With more than enough water to develop the property, they sold the excess — 270 units of Colorado-Big Thompson water.

In 1998, the shares would have sold for roughly \$3,600 apiece.

A few months ago, each share would have brought \$7,000.

At a late February auction, Ashcroft Draw LLC got double that — \$14,000 per acre-foot share. The \$3.78 million water sale is a sign of what many in Northern Colorado consider a growing threat to the region's agriculture, affordable housing and the livelihoods of small, local developers and builders.

"It's a wake-up call," said Mike DiTullio, manager of the Fort Collins-Loveland Water District.

The problem, said longtime Fort Collins water attorney Bill Brown, is simple economics.

"If it weren't for growth, this wouldn't be happening," Brown said. "It also wouldn't be happening if there were multiple sources of water."

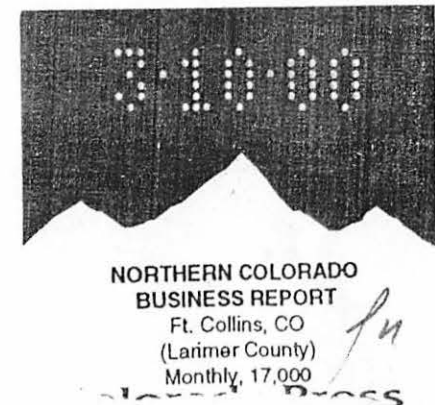
Tapping the rivers

The region's water comes from three

main sources — Cache la Poudre River, Big Thompson River and the Northern Colorado Water Conservancy District's Colorado-Big Thompson project, which pipes water from the Western Slope.

Historically, most of the water rights allotted from these sources went to agriculture, and by state law, these rights must remain in agriculture unless an owner spends potentially years and thousands of dollars in water court to have them redesignated.

See **WATER, 6A**





SONJA BISBEE WULFF • BUSINESS REPORT

Developer Les Kaplan stands in front of his downtown Fort Collins building at the corner of Mountain and College avenues. Kaplan has delayed two Windsor projects because of rising water prices.

WATER, from 1A

Even then, shareholders face another challenge, Brown said. They have to get the water to a treatment plant.

With a pipeline from Poudre Canyon, Fort Collins is in a good position to do that, he said. Other communities, however, have no such mechanism in place and rely heavily on Western Slope, or CBT, water. This water is also more flexible in that transferring it from agricultural to domestic use requires only a hearing before the water-conservancy board.

The difficulty arises when builders or developers — typically required to provide one to four acre feet of water per acre of new development — try to acquire these rights. Because many communities accept only CBT water, it has become a hot commodity, said Brian Werner, spokesman for the Northern Colorado Water Conservancy District, or NCWCD.

Meanwhile, Werner said, area farmers — the primary holders of CBT water rights

— are slower to put their shares on the market. The struggling farmers are already gone, he said. The remaining farmers tend to be more financially secure and not in a hurry to get out of the business.

Loveland feels the pinch

Loveland is already feeling the effects, said Larry Howard, the city's water-resource engineer. The cash payment the city accepts in lieu of an acre foot of water — enough water to cover an acre with a foot of water — rose from \$3,200 in January 1999 to \$5,400 in January 2000. Next week, the city's utility commission will consider raising the price again — to \$12,500.

Facing a similar situation, plus the loss of several major employers, Greeley's water board is taking a different tack. The board recently voted, for the first time, to accept cash in lieu of water for developments in the city's urban growth area. The board capped the rate at \$10,000 an acre foot.

"The price was getting to the point where no one could afford to build," said

See WATER, 7A

WATER, from 6A

Jon Monson, director of water and sewer.

For now, rising prices aren't affecting Fort Collins, said Dennis Bode, the city's water-resources manager.

"We have a pretty diverse water supply," Bode said, citing 10 or so sources, including various irrigation ditches, the city will accept. Plus, Fort Collins developers can still pay cash in lieu of water at a going rate of \$3,500 per acre foot.

Perhaps hardest hit is the Fort Collins-Loveland Water District, which serves much of the growth area in Fort Collins, Loveland and Windsor.

Drawing 80 percent of its water from CBT, the district has in the past year tripled its acre-foot rate, now set at \$9,500, and its board voted recently to discontinue the practice of accepting cash in lieu of water by 2001. Windsor is making a similar shift.

That's making the market more competitive, said Les Kaplan, developer and owner of The Kaplan Co. Now, instead of only a few public entities competing in the market, anyone who wants to build in the district has to find water, said Kaplan, who has delayed plans for two residential developments, River Ridge East and Bison Ridge, both in Windsor.

"I've chosen not to compete in this market to secure the water," he said.

'Ominous' scenario

With several ongoing projects in Fort Collins to cover his relatively low employee and infrastructure costs, Kaplan said he can afford the delay, but other local developers may not be so lucky, he said.

Already, larger, national builders who can easily diffuse costs are buying water up and down the Front Range, he said, and "whoever has the water is going to be able to build the houses."

Kaplan described the scenario as "ominous for the small, local builder."

The other victim will be affordable housing, said Ralph Waldo, a partner with The Group and chair of the legislative affairs committee for the Fort Collins Area Chamber of Commerce.

"Not only will the cost of new houses go up, but it will bring along the resale with them," Waldo said. "That's not good news for affordable housing."

Skyrocketing water values also offer a new incentive for people to get out of agriculture, attorney Brown said.

One way to address the problem, Kaplan said, is to set up a system, like the one in Windsor, that lets homes and businesses use untreated water for lawn-watering.

"That would dramatically decrease the demand for treated water," he said.

Kaplan also suggested redrawing water-district boundaries so developments in south Fort Collins, for instance, that now rely on the strapped Fort Collins-Loveland Water District could get service from the city of Fort Collins.

New sources sought

Escalating prices aside, however, a new NCWCD study estimates that the region will need 264,000 additional acre feet of water to complete all the build-out described in current land-use planning documents.

"The solution is new sources of water," DiTullio said.

Scheduled for completion in three to five years, the Pleasant Valley Pipeline, a collaborative effort among various Northern Colorado water providers, will

capture additional Poudre water and make it available to more users, Ditullio said.

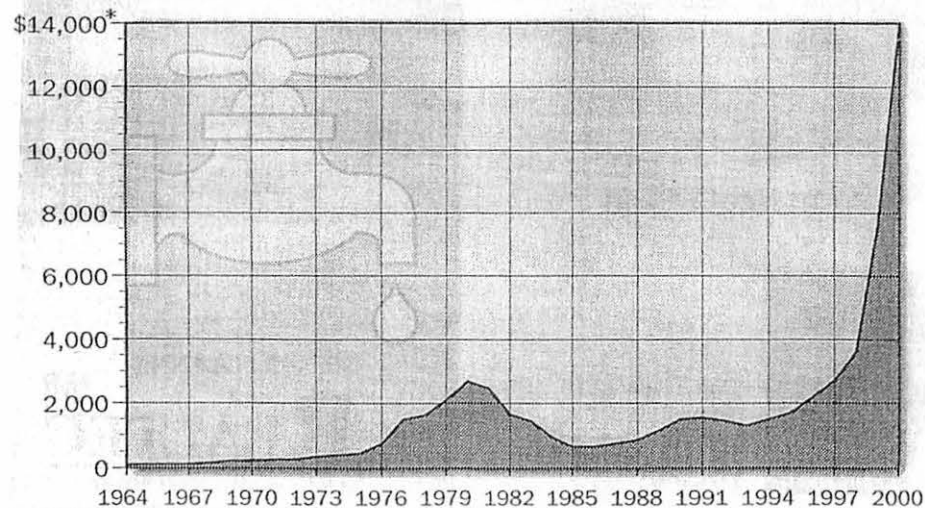
Another option under discussion is the South Platte Water Conservation Project, which would capture water in eastern Colorado and pump it back to upstream ditches. Using this water to meet some of the eastern agricultural needs could free up additional Poudre flows above the region's water-treatment plants, Brown said.

But with no way to capture much of the spring run-off, Northern Colorado is still going to need additional water storage, he said, and despite outcries from the environmental community, building a dam on the main-stem Poudre or enlarging existing reservoirs on the river's north fork remains a consideration.

"I don't know if the solution has clearly surfaced yet," Brown said.

Colorado-Big Thompson water

Representative market price per unit of Colorado-Big Thompson water



*Sale price at a February auction.

SOURCE: NORTHERN COLORADO WATER CONSERVATION DISTRICT

200 acre-foot Broomfield Reservoir and 32 mile pipeline to supply new water. Cost is \$72 million with DoE to pay \$52 million as part of Rocky Flats cleanup. Broomfield intends to raise \$19 million by sale of 4,300 acre-feet of water being sent to Great Western Reservoir. Broomfield bought 4,300 acre-feet of water from Windy Gap project. The pipeline is \$17 million for half the cost.

Source: Mary George (1994) Water Dreams Nearing Reality, The Denver Post, 28 October, no page.

Fort Collins reached agreement to pay \$676,450 for 830 shares of local ditch company, the Dixon Canon Ditch and Reservoir Co. Price is \$815 per share.

Source; Annon. (1994) Fron Range- Fort Collins, The Denver Post, 27 October.

Thornton is spending \$105 million to convert Weld County irrigation water into a city water supply for up to 70,000 new residents. Other entities are spending \$90 million for Windy Gap water to supply 80,000 new residents.

Source: Mark Obmascik (1994) BOOM - How Long Before The Well Runs Dry?, The Denver Post, 24 October, p. 10A.

Cost of the Fryingpan-Arkansas project went from \$170 million in 1962 o \$560 million in 1980. even after 150 mile pipeline in Arkansas Valley was dropped. Pipeline cost went from \$36 million to \$92 million.

Source: Anon (1994) Ex-State Water Official "Tommy" Thompson Dies, The Denver Post, 27 October, no page.

Boyde Lake gets \$235,000 from GOCO. Money for acquiring water for boaters, to buy a parcel of land, and build a trail. Part of \$3.5 million awarded to Dept. of Parks and Outdoor Recreation. \$85,000 of grant to Boyde Lake is to help fill lake with enough water for boaters. Lake is irrigation reservoir and by mid-summer water level often drops making boating impossible. When boaters complained, park officials began in 1989 to lease water in reservoir - \$35,000 to \$50,000 annually for up to 6,000 acre-feet, and 1,000 acre-feet raises water level by about 1 foot. Grant will allow purchase of about 5,000 acre-feet from willing owners. [about \$17 per ac-ft.]

source: Bob Kretschman (1995) Greeley Tribune January 11, pp. A1 and A12.

Water from below the Lowery Bombing Range, Colorado State Land Board land, is proposed for marketing to neighboring communities at \$3,000 to \$5,000 an acre-foot per year and the state by contract stands to make \$20 per acre-foot of this. Proposals for sale of 10,000 acre-feet per year.

Dan Luzadder (1994) Water Deal No Deal For Public, The Rocky Mountain News Dec 27, 1994, pp. 5A, 20A, and 21A. [see many other articles on this]

In November, the Colorado court of Appeals upheld Eagle County's denial of a permit for construction of a \$130 million project to divert 20,000 [acre-foot] from the Holy Cross Wilderness - Homestake II Project. of Colorado Springs and Aurora.

Source: Anon. (1995) Homestake Ruling Sought, The Denver Post, January 11, p. unknown.

**Editor
The Monument Tribune
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Monument, Colorado 80132**

POWER's members have an interest in opposing the export of water resources from the Gunnison Basin as is proposed by the Union Park Project. They are also concerned about the existing and potential relationships of this proposed project with others as to enabling any export of water resources from the Gunnison Basin. POWER's members have an interest in sustaining the high natural environmental qualities of the Gunnison Basin which support the local economy and attract new residents and visitors. Finally, POWER's members have direct and immediate interests in whether or not, and if built, how the Union Park Project is constructed, operated, and decommissioned.

POWER's participation in this proceeding is in the public interest because: (1) as a local organization, through its membership POWER is able to contribute specific expertise arising from familiarity and experience with on-the-ground conditions; (2) since its formation, POWER has acquired and been recognized for its distinct expertise in Colorado water resource policy issues; and (3) POWER, through its membership, has the capability of providing distinct expertise regarding aspects of social, economic, and environmental conditions in Gunnison County.