

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Tim Feehan, P.E., Assistant Director
Ted Kowalski, Chief

DATE: January 12, 2012

SUBJECT: **Agenda Item 17, January 23-24, 2012 Board Meeting**
Finance Section/Interstate, Federal & Water Information Section
Animas-La Plata (A-LP) States Pool Allocation - Update

Staff Recommendation

The Staff recommends that the Board provide guidance to the Staff.

Background

Colorado House Bill (HB 1250) authorized the expenditure of up to \$36 million (three -\$12 million installments) from the Severance Tax Perpetual Base Account towards the purchase of all or portion of the State's 10,460 acre-feet of AL-P project water. HB 1250 appropriated the first \$12 million installment, which became available on June 30, 2011 and HB 1274 appropriated the second \$12 million, which will become available June 30, 2012. At the November 2011 Board Meeting, the Board authorized staff to include the third \$12 million installment in the CWCB 2012 Projects Bill for consideration for appropriation by the General Assembly.

Since late 2010, the CWCB and the Bureau of Reclamation (Bureau) have been engaged in formal negotiations to purchase all or a portion of the State's project water. Those negotiations are continuing. The two remaining critical items that we are working to resolve are the interest during construction payment due (IDC) and the amount of water to be purchased. In parallel, staff has been meeting with the Tribes in the effort to develop a water reversion agreement that would determine the use of water potentially not purchased by the State. At the November Board meeting, the Board received a letter from the Tribal representatives wherein they requested a meeting with the Board to discuss a water reversion agreement. At the Board's direction, some of the Board's representatives will be meeting with the Tribal representatives on January 16, 2011. In addition, the Tribes have requested to meet with the full Board, and there will be a joint workshop with the Board and the Tribes on the afternoon of Monday, January 23, 2011.

Based on the outcome of the negotiations between the Staff and the Bureau, and on the conversations that occur between the Tribal representatives and the Board members, we expect that the Board will be able to provide additional guidance to the Staff on how to proceed.