

# STATE OF COLORADO

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## Colorado Water Conservation Board Department of Natural Resources

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TO: Colorado Water Conservation Board Members

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

DATE: September 2, 2011

SUBJECT: **Agenda Item 10, September 13-14, 2011 Board Meeting**  
**Finance Section/Interstate and Federal Section**  
**Animas-La Plata (A-LP) States Pool Allocation - Update**

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John W. Hickenlooper  
Governor

Mike King  
DNR Executive Director

Jennifer L. Gimbel  
CWCB Director

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### Staff Recommendation

This item is informational only and does not require Board action.

### Background

As you may recall, Colorado House Bill (H.B.) 10-1250 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. The bill appropriated the first \$12 million installment, which became available on June 30, 2011. At the November 2010 Board Meeting, the Board authorized staff to include the second \$12 million installment in the CWCB 2011 Projects Bill for consideration for appropriation by the General Assembly. The second \$12 million installment was approved, and will become available on June 20, 2012.

In September of 2010, CWCB formally requested by letter that the Bureau of Reclamation (Bureau) enter into negotiations to purchase all or a portion of the State's Project water. Those negotiations have commenced. The CWCB Staff met with the Bureau on February 25, 2011, April 5, 2011 and by telephonic public meeting on August 10, 2011, and substantial progress has been made drafting the appropriate contracts. The two remaining critical items to be resolved are the interest during construction payment due (IDC) and the amount of water to be purchased.

Based upon Board input, Staff will continue to try to resolve these issues between now and the November 2011 Board Meeting. At that time, Staff will be requesting a decision from the Board on how much ALP project water to purchase. Staff has also met with the Southwestern Water Conservancy District (SWCD) and the tribal representatives to discuss options that may exist should the State decide not to purchase the State's full allocation.

The reservoir was officially declared full by the Bureau in July of 2011, which is a requirement for the final cost accounting. Upon completion of the final cost accounting, the Project will convert from construction to operation and maintenance. This is the point at which the Animas La Plata Operations and Maintenance Association (Association) will assume long-term control of the Project. There are still of number of final construction cost items to be resolved before the final cost accounting can be completed. Cost items include punch list items, design and operational issues on certain Project features, such as river intake structure, pumps, etc. It is anticipated that these issues will be resolved by the summer of 2012.