

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Tom Browning, P.E., Assistant Director
Tim Feehan, P.E., Assistant Director

DATE: November 10, 2011

SUBJECT: **Agenda Item 18f, November 15-16, 2011 Board Meeting**
Severance Tax Trust Fund Perpetual Base Account
Colorado Water Conservation Board - Chatfield Reservoir Reallocation

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Staff Recommendation

Staff recommends that the Board request the General Assembly to authorize up to \$13 million in the 2012 Projects Bill, from the Severance Tax Perpetual Base Account, to fund the Chatfield Reservoir Reallocation project to acquire reservoir storage space.

Background

The CWCB contracted with the Corps to investigate the "reallocation" of existing storage space in Chatfield reservoir. The Corps has prepared a Feasibility Report and Environmental Impact Statement (FR/EIS), which is currently under review by the Corps Headquarters office in Washington, D.C. The Corps is the lead federal agency in partnership with the Colorado Department of Natural Resources and several of its Divisions.

Currently, water provider entities (Water Providers) are working closely with the State and the Corps to obtain various amounts of storage space within the proposed reallocation pool. The Water Providers' preferred alternative is to reallocate up to 20,600 acre-feet of existing storage space in Chatfield for municipal and irrigation and agricultural water needs. Letters of Commitment (LOC) were executed between the CWCB and all Water Providers that specified procedures in the event that a Water Provider wants to opt out (cancel) its storage allocation (Orphan Allotment). The LOC provision states that a Water Provider must first offer an Orphan Allotment to the other Water Providers. If the Orphan Allotment is not acquired by any of the Water Providers or by an outside third party, the procedure in the LOC provides that the storage space will revert back to the CWCB to hold or make available for redistribution at a later time.

For the first time in the study process, storage space may be reverting back to the CWCB for which there are no apparent buyers. It appears likely that up to 1,500 acre-feet of Orphan Allotments will be reverting back to the CWCB. Based on best available information, staff recommends that an estimate of \$8,500 per acre-foot of storage space be considered for authorization purposes. Therefore, the total cost to acquire the Orphan Allotments would be approximately \$13 million.

It is proposed that the funding for the Chatfield Reallocation Project be included in the CWCB 2012 Projects Bill, requesting an amendment to section 39-29-109, C.R.S. (2011) to allow the State Treasurer to transfer from the Severance Tax Trust Fund Perpetual Base Account to the Colorado Water Conservation Board Construction Fund, \$13 million for the purchase of the identified Orphan Allotments associated with the Chatfield Reallocation Project.

It is contemplated that \$5 million would be requested for appropriation in fiscal year 2012/13 as part of the 2012 Projects Bill, and the remaining \$8 million requested for appropriation in fiscal year 2013/14, as part of the 2013 Projects Bill. The amendment to statute would describe how the funds would be directed and that the Colorado Water Conservation Board would be responsible for the review and approval of all funds pursuant to sections 37-60-122 and 39-29-109, C.R.S. (2011).