

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 721

Denver, Colorado 80203

Phone: (303) 866-3441

Fax: (303) 866-4474

www.cwcb.state.co.us



John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

TO: Colorado Water Conservation Board Members

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

DATE: November 3, 2011

SUBJECT: **Agenda Item 19, November 15-16, 2011 Board Meeting**
Finance Section/Interstate and Federal Section
Animas-La Plata (A-LP) States Pool Allocation - Update

Staff Recommendation

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

Background

As you may recall, 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. 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 30, 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. 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.

Staff continues to work with the Bureau on issues regarding IDC. On November 4, 2011, the CWCB staff and the Attorney General's Office will be meeting with the Tribes to discuss variations regarding the reversion proposal. The current options will be presented to the Board in a confidential memo from the Attorney General's Office at the November Board Meeting for discussion with the Board.