

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: May 4, 2012

SUBJECT: **Agenda Item 23, May 15-16, 2012 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

Discussion

The Bureau of Reclamation (BOR) has requested an additional public meeting be held to allow public review and input on the State's Repayment Contract (Contract) with BOR. Changes were made to the State's repayment section of the Contract since the most recent March 7, 2012 public negotiation meeting so public review of those revisions is required. Therefore, the final public negotiation meeting is scheduled for May 8, 2012 in Durango, Colorado.

The Contract is currently being routed through the State Controller's Office for final review and approval. It is anticipated that the State Controller will approve the Contract in the next few weeks, and it will then be forwarded to the BOR for final execution. We are hoping to have a final executed Contract by the end of May.

Upon execution of the Contract the State will make a \$12 million payment to BOR, which will put the State into a repayment schedule with BOR. After July 1, 2012, and assuming the CWCB Projects Bill is approved and signed by the Governor, staff will arrange a \$20 million payment to BOR. The \$20 million payment leaves CWCB with \$4 million to cover future operation and maintenance costs. The \$32 million in payments to BOR will not buy all of the State's available project water allocation. It is staff's intent to come as close as possible in purchasing all the State's project water through a final payment, which will be in the form of a credit for the 46 acres tract of land associated with A-LP Durango Pumping Plant (DPP).

Currently staff is in the appraisal process to obtain a fair-market valuation for the DPP and is concurrently working with the Association, BOR, and the Animas La-Plata Water Conservancy District to finalize the amount of land needed for the easement on which to base the appraised value. This process could take a number of months to finalize.

Association

The State will become a member of the Association upon execution of its Contract with BOR and upon approval of that Contract by the Association. There are a number of issues currently being discussed among the Association, Southwestern Water Conservation District (District and the State Engineers Office (SEO). These issues are summarized as follows:

- Engineering and Modeling
- Project Water
- Water Administration/Protocol
- Due Diligence

The CWCB, the Association, the District, and the SEO have set up a number of meetings over the next three months to discuss these issues and to come to an agreement on how to collectively move forward.