

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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John W. Hickenlooper
Governor

Mike King
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Jennifer L. Gimbel
CWCB Director

TO: Colorado Water Conservation Board Members

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

DATE: November 5, 2012

SUBJECT: **Agenda Item 22, November 13-14, 2012 Board Meeting**
Finance and Administration Section
La Plata Archuleta Water District – Purchase Offer

Staff Recommendation

Staff is recommending that the Board direct staff to enter into formal negotiations with the La Plata Archuleta Water District (District) to draft a contract to purchase up to 2,500 acre feet (supply) of the State's water in the Animas-La Plata Project (A-LP), subject to final review and approval by the Board.

Discussion

In June of 2012 the State executed its purchase contract with the Bureau of Reclamation (Bureau) to acquire its full project water allocation of 10,460 acre feet (supply). The State has made its initial \$12 million dollar payment on the contract and is currently in repayment. It is the State's intent to make its remaining payment on the water, prior to its first payment being due in May of 2012, subject to an agreed settlement and credit made by the Bureau to the State, for the 46 acres land associated with the Durango Pumping Plant.

In a letter dated July 18, 2012, Director Gimbel indicated to the District that the State's purchase contract with the Bureau had been executed and that the State would be interested in negotiating a water sale to the District. Director Gimbel also indicated that the current cost of the water was \$3,545 per acre foot (supply). This was based on the most current costs assigned to A-LP by the Bureau and that the cost per acre could change upon the Bureau performing its final allocation for A-LP.

I'm pleased to announce that Richard Lunceford, Chairman for the District, provided Director Gimbel a letter dated October 16, 2012, summarizing a water purchase proposal to acquire up to 2,500 acre feet (supply) of the State's project water. The proposal states that the District would agree to purchase the water over a 40-year period for the estimated purchase price of \$3,545 per acre foot and would cover the State's fixed costs on the full 2,500 acre feet annually, until such time the water has been fully acquired.