



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Lauren Ris, Assistant Director for Water, DNR
Tom Browning, Former Deputy Director, CWCB

DATE: September 21, 2016

AGENDA ITEM: #14 Chatfield Reservoir Environmental Pool

Staff Recommendation:

Staff recommends that the Board approve the re-purposing of 600 acre-feet of CWCB owned storage space in the Chatfield Reservoir Reallocation Project for environmental and recreational purposes as part of a larger environmental pool in the Project.

Background:

The Chatfield Reservoir Reallocation Project (Project) represents a critical component for Front Range storage and multi-purpose water supply that supports the needs of numerous water providers. It also works in harmony with the implementation of Colorado's Water Plan. The Project has already received a favorable Record of Decision (ROD) from the Assistant Secretary of the Army, followed by a Water Storage Agreement (master agreement) that was signed by the U.S. Army Corps of Engineers (USACE) and the Colorado Department of Natural Resources (DNR). From the master agreement, DNR contracted with eight participants through a series of Water Provider Agreements in order to memorialize each participants' allocation of space in the Project. The Chatfield Reservoir Mitigation Company was then established as a private, non-profit corporation to implement Project purposes. Currently, engineering work is underway and construction is expected to begin in 2017. As a reminder, the total amount of reallocated storage space in the Project is 20,600 acre feet.

Staff proposes that 600 acre feet of CWCB space be dedicated to the environmental pool to help satisfy a critical gap in the overall environmental pool requirement of 2,100 acre feet. The total amount represents a combination of provisions contained in the Project's 122.2 mitigation plan (State of Colorado Fish, Wildlife, and Recreation Plan previously approved by the CPW Commission and the CWCB Board), and the Project's reservoir management agreement with Denver Water and all Project participants.

The main question for this agenda item relates to financial needs the 600 acre foot portion of the environmental pool. Staff is recommending that the CWCB participate financially by foregoing future cost recovery of 600 acre-feet (out of the roughly 7,000 acre feet) owned by CWCB. In other words, CWCB would donate 600 acre-feet to the environmental pool, which would eliminate its ability to sell those shares in the future. By today's estimates, the proposed donation would be



on the order of \$5 million. Staff is not asking for any new funding appropriations at this time. The request is simply a re-purposing of the previous orphan shares already purchased by the CWCB.

A timeline of key milestones is presented below to assist with Project history and decision making:

- In 2014, the CPW Commission and the CWCB Board approved the 122.2 Fish, Wildlife and Recreation Mitigation Plan for the Project.
- The approved 122.2 plan included a provision for up to 1,600 AF of storage space to be dedicated as an environmental pool.
- CPW has current ownership of 1,000 AF of space that is considered to be part of the 1,600 acre feet. Funding for CPW's 1,000 acre feet was established through an inter-agency loan with CWCB.
- There is currently a volume of 600 acre feet, out of the 1,600 acre feet, for which funding has not been secured. The language in the 122.2 plan indicates that the 600 acre feet will be "acquired by the state".
- In 2015, the Project participants, DNR, and Denver Water drafted and signed a reservoir management agreement that expands the environmental pool to up to 2,100 acre feet. All participants agreed to not make use of any exchange rights for environmental pool releases out of the reservoir.
- The additional 500 acre feet (2,100 minus the 1,600) will be financially sponsored by other entities such as Denver Water and the Greenway Foundation through a challenge grant fundraising process.

There are several important benefits of CWCB donating 600 acre feet to the environmental pool:

- The environmental pool will remain intact, which is a crucial Project component for which not other funding mechanism has been identified. CWCB is the only State agency with the ability to secure it.
- The South Platte River and the CPW fish unit below the reservoir will benefit from releases out of the environmental pool that would not otherwise be available during low flow periods.
- The Project has been touted as a multi-objective, multi-benefit arrangement that meets the needs of M&I supply, agriculture, the environment, and recreational purposes.
- The project supports the goals of Colorado's Water Plan, including healthy stream corridors that support environmental and recreational needs.
- The CWCB will retain shares in the Project, which will keep it as a member in good standing with the CRMC. The CWCB will continue to hold a pro-rata vote regarding future CRMC Board elections as well as annual operating budgets.

