



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Lauren Ris, Deputy Director
Kirk Russell, P.E., Finance Section Chief

DATE: May 19-20, 2021, Board Meeting

AGENDA ITEM: 24. Chatfield Shares Purchase

At the deadline for Board Memos, the negotiations are near complete, however not final. Staff hopes to have final terms negotiated prior to the Board Meeting. This Memo provides the intentions of the CWCB and the Central Water Conservancy District.

Staff Recommendation:

A Staff recommendation will be provided at or prior the Board meeting which will specify the terms of sale.

Introduction:

Central Colorado Water Conservancy District (District) is interested in purchasing units in the Chatfield Storage Reallocation Project (Project) from the CWCB. The Project made available 20,600 AF of additional water supply storage in the existing reservoir by reallocating this space from the flood control pool into a multipurpose pool.

The District currently owns 4,274 units and has been an instrumental in advancing the Project over the years. The District is located in the South Platte River basin between Denver and Fort Morgan. Its service area covers portions of several cities including: Thornton, Brighton, Greeley and Fort Morgan; as well as numerous smaller rural communities. In total, approximately 210,000 acres of irrigated agricultural lands are served by the District. The District is participating in the Project with a goal of increasing its water supplies in order to increase the quota under its augmentation plans. When the District does not have enough water supplies to fully augment its member wells, it issues quotas restricting full pumping.

The Reallocation Project is nearly complete with minor close-out items remaining. One unit in the Project is equal to one acre-foot (AF) of storage space. The expected final cost of one unit in the project is \$8,300.97.

Negotiations between the CWCB, CPW, and the District, include the concept of a transfer of CWCB's units in the Reallocation Project in exchange for 1,000 acre-feet of the District's 1983 water storage right. Compensation for the 1,000 acre-feet of the 1983 water right to be used in the Environmental Pool is contemplated in the Project's 122.2 Plan as approved by DNR. The 1983 right is a senior water right which, if used to fill a portion of the environmental pool, will help to mitigate low and no flow days through the South Platte River corridor through the Denver metro area.

Subject to the Board's approval of the shares for water rights transaction, the District and CWCB will enter into a purchase agreement for the District's 1983 water right.

In addition, the District is interested in purchasing the balance of the 1,643 units that remain available at \$8,300.97 per unit. The District has indicated that this will likely require long term financing. This will require a formal review of a loan application and be presented to the Board at a later date.

Background:

Chatfield Reservoir is an on-stream, multi-purpose reservoir built between 1967 to 1975 and is located at the confluence of the South Platte River and Plum Creek. The dam and reservoir are owned and operated by the U.S. Army Corps of Engineers (USACE). Chatfield's primary purpose is flood control but some of its storage space is used as a multipurpose pool for water supply.

In the mid-1990s, DNR, acting through CWCB and on behalf of numerous local water providers, requested the USACE to reallocate a portion of Chatfield's flood control storage for water supply storage. The USACE ultimately determined Chatfield can accommodate a reallocation of 20,600 AF from the flood control pool to a multipurpose pool for water supply without compromising Chatfield's primary flood control function. Storing the additional 20,600 AF in Chatfield will raise operational water levels 12 feet in elevation from the historical operational high level of 5,432 feet to 5,444 feet. Construction costs of the Project were to mitigate both the environmental and recreational impacts a 12-foot rise will have at the reservoir site.

The Chatfield Reallocation Mitigation Company was formed in 2015 to implement the Project. It is comprised of all participants in the Project listed in Table 1. and is the entity that oversees the Project work, including managing contractors. Mitigation work for the Chatfield Storage Reallocation Project began in November 2017 and was substantially completed during the spring of 2020. The Project was approved for reallocated storage by USACE in May 2020. The anticipated final total cost of the Project is \$171 million.

Table 1. Chatfield Reallocation Project Participants as of May 2021

Participant	Storage Amount	Percentage
Castle Pines Metro District	10 AF	0.05%
Center of CO Water Conservancy District	131 AF	0.64%
Dominion Water & Sanitation District	500 AF	2.40%
Castle Rock	590 AF	2.90%
Colorado Parks and Wildlife	1,000 AF	4.90%
Castle Pines North Metro District	1,006 AF	4.90%
Central CO Water Conservancy District	4,274 AF	20.70%
CWCB	4,534 AF	22.01%
Centennial Water & Sanitation District	6,922 AF	33.60%
Denver Water (Pending)	1,633 AF	7.93%