



**COLORADO**  
**Colorado Water  
Conservation Board**  
Department of Natural Resources

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**TO:** Colorado Water Conservation Board Members

**FROM:** Kirk Russell, P.E., Finance Section Chief

**DATE:** May 21-22, 2025 Board Meeting

**AGENDA ITEM:** 14a. Water Project Loans  
Central Colorado Water Conservancy District  
Chatfield Reservoir Reallocation Unit Purchase

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### Staff Recommendation

Staff recommends the Board approve a modification to the original sale of up to 1,000 acre-feet of Orphan Shares, owned by CWCB, in the Chatfield Reservoir Reallocation Project at the March 2025 CWCB Meeting (Agenda Item 23). The change will allow the Central Colorado Water Conservancy District acting by and through its Water Activity Enterprise to be the purchaser of the Reallocation Project Units.

Staff also recommends the Board approve a loan not to exceed \$8,651,700 (\$8,566,040 for Purchase and \$85,660 for the 1% service fee) to the Central Colorado Water Conservancy District, acting by and through its Water Activity Enterprise, for costs related to the Chatfield Reservoir Reallocation Unit Purchase, from the Severance Tax Perpetual Base Fund. The loan term will be 30 years at an interest rate of 2.10% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

### Introduction

In March of 2025 the Board approved the sale of 1,000 Shares to the Ground Water Management Subdistrict of the Central Water Conservancy District. Since that time it was determined that the best approach for purchase ownership was for the Central Water Conservancy District to be the owner and borrower.

The Central Colorado Water Conservancy District (District), acting by and through its Water Activity Enterprise (Enterprise), is requesting a loan for the purchase of 1,000 Units (Purchase) of the Chatfield Reallocation Project (Reallocation) from the available "Orphan" Shares (aka Units) owned by the CWCB. These Orphan Shares became available, and were paid for by CWCB, when early participants in the Reallocation Project decided to leave because the Reallocation was no longer feasible for them.

The purpose of the Reallocation was to create additional water supply storage space in Chatfield Reservoir by reallocating 20,600 AF from the original flood control pool into a multipurpose storage pool. The price of purchase includes all Reallocation development costs paid by the CWCB to the Chatfield Reservoir Management Company (CRMC) to create the reallocation pool. One Unit of Reallocation is equal to one AF of storage space in Chatfield Reservoir. This purchase will increase the District's current ownership from 4,274 AF to 5,274 AF.

The District's interest in the Purchase is to increase the availability of augmentation water storage for agricultural users within its District and its Groundwater Management Subdistrict (GMS) boundaries. The total cost of the Reallocation is currently \$176,460,442. The District is requesting a loan from the CWCB for the purchase of 1,000 Units at \$8,566.04/Unit for a total of \$8,566,040. See attached Project Data Sheet for a location map and the Reallocation Project and Purchase summary.



### **Borrower - Central Colorado Water Conservancy District**

The District was established in 1965 under the provisions of the 1937 Water Conservancy Act of the State of Colorado with the principal purpose of providing for the conservation of water resources for the greatest beneficial use of water within the District's boundaries. The District's Enterprise was formed pursuant to CRS 37-45.1-103 and is wholly owned by the District. The primary sources of income for the District Enterprise are tax revenues and assessments paid by GMS and the Well Augmentation Subdistrict (WAS) for use of the District's water rights and infrastructure. The District is controlled by a 15-member board. The same board also controls the GMS and WAS.

The District is located in the South Platte River basin between Denver and Fort Morgan including Beebe Draw, and the lower portions of the Box Elder Creek and Lost Creek drainages. Its service area covers portions of several cities including: Thornton, Brighton, Greeley and Fort Morgan; as well as numerous smaller rural communities that include: Fort Lupton, Platteville, Gilcrest, LaSalle, Kersey, Hudson, and Wiggins. In total, approximately 210,000 acres of irrigated agricultural lands are served by the District.

The GMS, formed in 1973, and the WAS, formed in 2004, are two subdistricts within the District. The subdistricts are separate legal entities with distinct legal boundaries. Collectively, the subdistricts provide augmentation water for approximately 1,400 wells. On an annual basis, GMS and WAS issue a quota to member wells if augmentation water supplies cannot fully meet the contracted demand. The quota is the percentage of a well's contracted amount that it is allowed to pump for the year.

### **Background**

The District's subdistricts, the GMS & WAS, operate their respective plans for augmentation by delivering augmentation water to replace out of priority well depletions. Nearly all of the wells within the subdistricts are used for agricultural irrigation purposes. The augmentation plans operate pursuant to administrative reaches that are defined by the locations of several irrigation ditches that have senior water rights and can place administrative calls for water. The upper-most reach extends from Denver to the headgate of the Fulton Ditch, and the lower-most reach extends from the headgate of the Riverside Canal to the headgate of the Lower Beaver Ditch and Upper Beaver Ditch. The geographic extent of the augmentation plan represents approximately 100 miles of the South Platte River but also includes the drainages of Beebe Draw and Box Elder Creek. The District's water supplies available at its upper end can be used for replacement supplies in any of its administrative reaches, but water supplies lower on the river can generally only be used within downstream reaches.

Over the past 20 years, annual quotas have ranged from approximately 40% to 70%, Full pumping by member wells has been significantly curtailed due to a shortage of augmentation water supplies. Although the District has acquired numerous senior water rights, many of these rights are only available during the irrigation season, typically April through October. Because the District's augmentation needs are year-around, storage is a critical component to allow replacement operations during the non-irrigation season. The District has developed numerous storage reservoirs lower on the South Platte River in the areas of Gilcrest, Greeley and LaSalle as well as on the Cache la Poudre River, however sufficient storage is not available to meet replacement obligations in its upper operational reaches of the South Platte River.

### **Reallocation Project**

Chatfield Dam and Reservoir(Chatfield) 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 United States 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. Denver Water was the sole user of Chatfield's originally allocated storage space for water supply.

In the mid-1990s, the Colorado Department of Natural Resources (DNR), acting through the 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 of storage space from the flood control pool to a multipurpose pool for water supply without compromising Chatfield's primary flood control function. Storing an additional 20,600 AF of water in Chatfield allows operational water levels to rise 12 feet from the historical operational level. Modifications to the dam or spillway were not required. Costs of the Reallocation Project include mitigation of both the environmental and recreational impacts of the 12-foot rise along with the payment to the USACE for use of the reservoir.

The current Reallocation Costs are shown in Table 1.

**TABLE 1: REALLOCATION COST AS OF MAY 2025**

Item	Estimated Cost
First Cost of Storage	\$16,285,400
Environmental Mitigation	\$66,634,400
Recreation Mitigation	\$56,480,400
Miscellaneous	\$9,045,600
Design and Engineering	\$12,000,000
Program/Construction Management	\$10,544,500
Total Reallocation Cost at Substantial Completion	\$171,000,000
Charges via OMRR&R* Assessments (\$265.07/Unit)	\$5,460,442
<b>CURRENT TOTAL</b>	<b>\$176,460,442</b>
<b>Current Cost per AF (20,600 Units)</b>	<b>\$8,566.04</b>

\* CRMC Operation, Maintenance, Repair, Replacement, & Rehabilitation Assessments are paid annually on a pro rata ownership basis

Table 2 lists the current and future Reallocation Project participant ownership.

**TABLE 2: CHATFIELD REALLOCATION PROJECT PARTICIPANTS AS OF MAY 2025**

Participant	Current Ownership (Units)	Pending 'Orphan Share' Purchase	Total Projected Ownership (Units)	Total Projected Ownership Percentage
Castle Pines Metro District	100	0	100	0.49%
Castle Pines North Metro District	1,006	0	1,006	4.88%
Castle Rock Water	848	1,152	2,000	9.71%
Center of Colorado WCD	141	0	141	0.68%
<b>Central Colorado WCD</b>	<b>4,274</b>	<b>1,000</b>	<b>5,274</b>	<b>25.60%</b>
Centennial WSD	6,922	0	6,922	33.60%
CPW Environmental Pool	1,000	0	1,000	4.85%
CPW	924	0	924	4.49%
<b>CWCB 'Orphan Shares'</b>	<b>2,152</b>	<b>0</b>	<b>0</b>	<b>0%</b>
CWCB Environmental Pool*	1,100	0	1,100	5.34%
Denver Water	1,633	0	1,633	7.93%
Dominion Water & Sanitation District	500	0	500	2.43%
<b>TOTAL</b>	<b>20,600</b>	<b>2,152</b>	<b>20,600</b>	<b>100%</b>

\* CPW's water rights are used in CWCB's Environmental Pool space.

### Loan Feasibility Study

Ed Armbruster, P.E. with White Sands Water Engineers, Inc., prepared the Loan Feasibility Study titled “Increased Participation in the Chatfield Reallocation Project,” dated February 2025. The study was prepared in accordance with CWCB guidelines and includes an alternative analysis, cost estimates, and financial statements prepared by the District and audit reports prepared by CliftonLarsonAllen LLP.

### Water Rights

The District maintains a vast water rights portfolio including 60 water right decrees and four pending water right decrees. The GMS and WAS have decreed augmentation plans in Case No. 02CW335 and 03CW099, respectively. Combined, GMS and WAS have contracts to provide up to 87,000 AF of augmentation water. The District owns a total of 22,300 AF of conditional water right for storage in Chatfield decreed in Case No. 83CW184. The District owns two water right appropriations in the Reallocation space - Case No. 83CW184 of 26,400 AF “Central’s 83 Chatfield Right”. The second was decreed in Case No. 15CW3148 of 9,641 AF “Central’s Chatfield Refill Right”.

### District’s Interest in Additional Reallocation Units

The District has adequate conditional water rights to store in the Purchase of additional Reallocation storage space. Other alternatives are available but the certainty of the Reallocation cost, availability and its location provide for a feasible option.

**Alternative No. 1 - No Action:** The District’s participation level in the Reallocation would remain at 4,274 AF and the District will be limited in its ability to provide augmentation to its members.

**Alternative No. 2 - Gravel Pit Storage:** The District would explore storage opportunities in the form of lined gravel pit storage in the Denver area that could serve the District’s demands and operations in the upper reaches of the South Platte River, i.e., south of the City of Brighton. Gravel pit storage opportunities are limited south of Brighton because several different municipalities have already developed storage in this area. The cost of reclaiming mined sand and gravel pits, including all associated infrastructure is on the order of \$6,000 per AF.

**Selected Alternative No. 3 - 1,000 Unit Purchase of the Chatfield Reallocation Project:** The purchase of additional Reallocation Shares can serve demands in both upper and lower reaches of the District’s operations along the South Platte River. This alternative is preferred based on its relatively straightforward implementation, availability to store water under the District’s 1983 storage right which is relatively senior among other storage rights in the area, and because releases from Chatfield Reservoir can meet the District’s demands which extend from Denver to Fort Morgan.

### Financial Analysis

Table 3 provides a summary of the Purchase’s financial aspects. The District qualifies for an agricultural interest rate of 2.10% for a 30-year term.

**TABLE 3: FINANCIAL SUMMARY**

Reallocation Purchase Price (1,000 Units)	\$8,566,040
CWCB Loan Amount	\$8,566,040
CWCB Loan Amount (Including 1% Service Fee)	\$8,651,700
CWCB Annual Loan Payment	\$391,630
CWCB Annual Loan Obligation (1st Ten Years)	\$430,793

**Creditworthiness:** The District's Enterprise has \$2,094,693.52 in existing debt. The District Enterprise will prepare an allottee agreement with the GMS Water Activity Enterprise as necessary to assess GMS members to repay the District's new CWCB Loan. Currently, the District General Fund and its Enterprise have \$33,267,432 in existing long-term debt as shown in Table 4. All CWCB loans are in good standing.

**TABLE 4: DISTRICT'S EXISTING DEBT**

Debt Type	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
<b>Water Activity Enterprise Fund (Business Activities)</b>					
CWCB CT20-0310 (Walker Recharge)	\$2,272,500	\$2,094,694	\$98,012	2052	Assessment Revenues
<b>General Fund<sup>(1)</sup> (Governmental Activities)</b>					
CWCB CT16-2058 (Reallocation Participation)	\$19,812,059	\$17,182,738	\$854,489.25	2030	Pledge of Tax Revenues
2021 Bond	\$14,800,000	\$13,990,000	Varies	2036	Pledge of Tax Revenues
<b>Total</b>	<b>\$36,884,559</b>	<b>\$33,267,432</b>	<b>Varies</b>		

(1) Debt associated with the General Fund is included for information only as it is operated separately from the Enterprise Fund. Debt associated with the General Fund is not included in the debt calculations in Table 4.

**TABLE 5: FINANCIAL RATIOS**

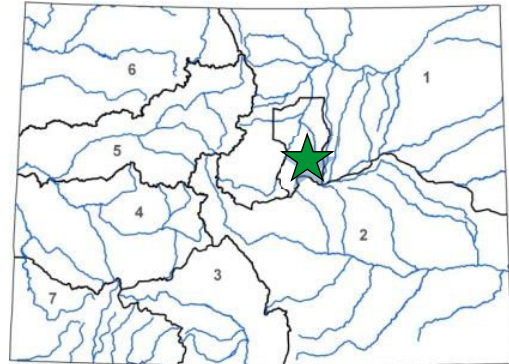
Financial Ratio	Past Years (Avg)	Future w/ Purchase
Operating Ratio (revenues/expenses) weak: <100%   typical: 100% - 120%   strong: >120%	195% (strong) \$834K/\$427K	155% (strong) \$1.28MK/\$869K
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100%   typical: 100% - 125%   strong: >125%	515% (strong) <u>(\$834K-\$329K)</u> \$98K	176% (strong) <u>(\$1.28M-\$329K)</u> \$539K
Cash Reserves to Current Expenses weak: <50%   typical: 50% - 100%   strong: >100%	843% (strong) \$3.60M/\$427K	414% (strong) \$3.60M/\$869K

**Collateral** - Security for this loan will be a pledge of revenues backed by a rate covenant and the Purchased Reallocation Units. This security is in compliance with the CWCB Financial Policy #5 (Collateral).

cc: Randy Ray, Executive Director, Central Colorado Water Conservancy District  
Jennifer Mele, Colorado Attorney General's Office

Attachments: Water Project Loan Program - Project Data Sheet

L O A N   D E T A I L S	
Project Cost:	\$8,566,040
CWCB Loan (with Service Fee):	\$8,651,700
Loan Term and Interest Rate:	30 years @ 2.10%
Funding Source:	Severance Tax PBF
B O R R O W E R   T Y P E	
Agriculture	Municipal
100%	0 % Low - 0% Mid - 0% High
	Commercial
	0%
P R O J E C T   D E T A I L S	
Project Type:	Reservoir Purchase
New Storage:	1,000 AF



The Central Colorado Water Conservancy District (District) is located in the South Platte River basin between Denver and Fort Morgan including Beebe Draw, and the lower portions of the Box Elder Creek and Lost Creek drainages. The District was formed in 1965 to develop, manage, and protect water resources in northeast Colorado and includes approx. 210,000 ac. of irrigated agricultural lands. The District currently owns 4,274 units of the Chatfield Reservoir Reallocation Project (Reallocation).

L O C A T I O N	
County:	Douglas
Water Source:	S. Platte River
Drainage Basin:	South Platte
Division:	1      District: 2

The Groundwater Management Subdistrict (Subdistrict), formed in 1973, operates an augmentation plan for alluvial irrigation wells. The Subdistrict will utilize the 1,000 Units through an Allotment agreement with the District. The Reallocation space will provide additional storage for augmentation water supplies to be used within the Subdistrict. The location of Chatfield Reservoir provides the ability to replace well depletions to all locations within the District and its Subdistricts.

The Chatfield Reservoir was completed in 1975, built by the Corp of Engineers for flood control. In 2020 20,600AF of water storage space was made available to Reallocation participants.

