

RRWCD BOARD APPROVES SCHEDULE TO BUILD PIPELINE

At a special meeting on December 16, 2010, in Yuma, Colorado, the Board of Directors of the Republican River Water Conservation District (RRWCD) made a decision to initiate the Compact Compliance Pipeline (CCP) schedule to begin pipeline construction, provided that a vote of the Board is required prior to awarding a construction contract. Initiating the CCP Schedule will allow completion of the CCP project within the time limit of the Colorado Water Conservation Board (CWCB) loan contract amendment, which was approved earlier this year. In November 2008, the CWCB approved a \$60.6 million loan to the RRWCD Water Activity Enterprise. The RRWCD, through its Water Activity Enterprise, has borrowed approximately \$45 million of the CWCB loan funds; however, the RRWCD Board of Directors was advised at the December 16 meeting that the remaining loan funds would be in jeopardy because of the State's fiscal crisis unless the Board initiated the CCP schedule. The CWCB loan contract provides for a very favorable 2% per year interest rate for 20 years.

Although the Republican River Compact Administration has not approved an augmentation plan for the CCP deliveries, an Arbitrator's decision in October, 2010, stated that Colorado's CCP proposal, in general, provides a reasonable and necessary approach for meeting Colorado's Compact obligations and, with the changes recommended in the Arbitrator's decision, the revised CCP proposal should be approved. The State of Nebraska supported Colorado's CCP proposal, and the States of Colorado and Nebraska have agreed to a schedule for CCP deliveries. The RRWCD Board of Directors was informed that the State of Colorado is currently in discussions with the State of Kansas to try to reach agreement on a revised CCP proposal.

The CCP is a \$71 million project that is intended to deliver groundwater from wells located north of Laird, Colorado, to the North Fork of the Republican River a short distance upstream from the streamflow gage at the Colorado/Nebraska State line to offset stream depletions to comply with Colorado's Compact allocations. The December 2002 Final Settlement Stipulation between the States of Kansas, Nebraska, and Colorado to resolve pending litigation in the U. S. Supreme Court imposed a moratorium on the construction of new wells and groundwater development, but included an exception for wells associated with an augmentation plan that are acquired by a State for the purpose of offsetting stream depletions in order to comply with its Compact allocations. Since 2002, Colorado's beneficial consumptive use has exceeded Colorado's allocations under the Republican River Compact.

The first 6 months of the CCP schedule includes finalizing permits and easements, pre-qualification of contractors, and submission and evaluation of bids. The actual pipeline construction will not start until after the initial 6-month period and a construction contract has been awarded. The CCP should be completed and ready to deliver water within 12 months after the actual start of construction.

The CWCB loan will be repaid from RRWCD annual water use fees. Water use fees were increased in 2008 to pay for the CCP project and, with the current favorable construction climate, should not increase to complete the CCP project.

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