



2018 GMS Bond Proposal Frequently Asked Questions

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Central Colorado Water Conservancy District, through its Groundwater Management Subdistrict, has identified \$48.7 million in projects to be funded through bonds, including:

- Additional lined reservoir storage in the Fort Lupton and Greeley/Kersey areas
- Additional purchase of senior water rights, including rights currently being leased by Central, to ensure this water stays in the community
- Walker Recharge Project in Wiggins, which will put water back into the aquifer during wet times to be used by farmers in the summer

As part of this process, Central recently issued a Community Survey to collect feedback about the potential bond question. That survey solicited questions from the public, and Central has provided the following responses to the most frequently asked questions.

Q. Can you give us the facts on how much water is needed? Will it be enough water for future needs? Who gets the water?

A. The GMS augmentation plan has 515 Water Allotment Contracts, representing 885 irrigation wells that irrigate approximately 56,600 acres. The member contracts in GMS equal 66,590 acre-feet of consumptive use. Since 2006, GMS has provided on average 29,000 acre-feet of replacement supplies for the operation of the member wells. Today, GMS is short of meeting the full farm irrigation water need by approximately 38,000 acre-feet per year. While the proposed bond question will not fully meet that shortfall, Central's Board recognizes the need to fund and construct projects which would provide additional water supply to GMS. These projects are expected to yield approximately 15,000 acre-feet annually.

Q. What is the whole story? What are the detailed plans for the next 100 years? We want a detailed construction plan with completion dates and a list of water rights you plan to purchase.

A. GMS was created in 1973 to provide replacement water to the South Platte River to allow irrigation wells to continue operating. In 2002, GMS was required to file for a permanent augmentation plan due to changes in both policies used by the State of Colorado and water law governing the use of groundwater. GMS has been operating under the new terms and conditions required in the new plan since 2005. GMS has been using water supplies developed by GMS and the District since the late 1970s. Additional water supplies were secured with a 2002 voter approved debt authorization of \$20M, along with long term leases of water from Denver-Metro cities for their excess supplies. The bond proceeds and municipal leases kept the wells operating at about 50% of historical use with the new increase of replacement obligations. The big changes in the operation of the new augmentation plan which created the reduction in groundwater use were; 1) requirements of 100 percent augmentation (previous augmentation plans State-wide only replaced a fraction of the depletions), 2) requirement of water supplies to be held in reserve for 6 years into the future, and 3) Requirement

of year-round replacement to the South Platte River. A large contribution of the recent 13 years of operational success was the GMS staff and Board's ability to obtain multi-year effluent leases with several of the large Denver-metro cities. However, as population grows along the Front Range, the cities are hesitant to renew these longer-term leases. This inability to continue large, multi-year leases of excess municipal water, has resulted in the proposal by GMS to obtain more of our own supplies.

Development of water-storage projects owned and operated by GMS will ensure water supplies remain in the GMS boundaries for the benefit of the users. Utilizing lined gravel pits has proven to be a very feasible method to develop water storage. Engineering design and construction to allow water to be stored in these pits takes a few years to allow water storage to occur. Since 1989, Central and its two Subdistricts (GMS & WAS) have designed and constructed 11 lined gravel pit reservoirs complexes, consisting of 27 independent reservoirs totaling nearly 20,000 acre-feet. Over the course of history, Central has developed a complete understanding of the technology and cultivated the partnerships required to deliver gravel-pit storage at the most economical rate for the region. Prior to deciding to pursue any lined gravel pit project, Central's Board evaluates multiple projects and looks for the best fit from water supply and feasibility standpoints.

Central has also pioneered the process of storing water underground within a bentonite clay liner. This process of storing water in the pore space of the sands and gravels beneath the land surface provides the ability of the GMS augmentation plan to avoid evaporative losses, thus increasing the ability to project water supplies available in the future and providing certainty of member access to groundwater. Storage methods such as this underground storage will continue to be developed by GMS.

GMS owns water rights in approximately 20 ditch and reservoir companies on the South Platte River and its tributaries. GMS intends to purchase water rights in one or more of these same ditch and reservoir companies to add to our existing portfolio. The purchase of water rights in these companies will allow GMS to use existing infrastructure to deliver and measure water more efficiently, thus decreasing the overall cost per acre-foot of water.

Q. Will quotas be reduced in the future?

- A. Annual quotas are the result of a calculation made by GMS staff each year, pursuant to the terms and conditions of the GMS Augmentation Plan Decree, and is equal to the amount of water allocated for replacement of depletions resulting from pumping of GMS member wells. The Central Board and staff understand and have communicated to the GMS members, at the annual membership meetings, the need for the development of additional owned supplies because leases from the metro cities will not be available in the same volume and duration that they have in the past. If GMS does not continue developing substantial water supply projects soon, GMS's annual quotas will be reduced as a result.

Q. With most projects being east of Greeley, what is the benefit to those upstream of Greeley?

- A. The Walker Recharge Project is located about 30 miles downstream of Greeley near the Town of Orchard. This project is designed to divert up to 100 cubic feet per second from the South Platte River, up to an annual maximum of 30,000 acre-feet, for the purposes of recharge. Additional water rights and gravel-pit storage sites have also been identified in the Greeley and Kersey areas. While

those water supplies are downstream of many of the GMS member wells, the supplies will benefit every member in GMS by placing water in the lower part of the Subdistrict for winter replacement needs. In addition, during some periods of the year excess water in lower reaches, like excess water from the Walker Recharge Project, can be exchanged upstream to offset deliveries from other sources.

Q. How can we be assured there is no wasteful or over spending of the funds?

- A. Central has a Board of 15 active and retired farmers and businessmen, along with an excellent staff of 13 who have the desire to represent the taxpayers of GMS with continued integrity. The Subdistricts of GMS and WAS, along with the main District – CCWCD – have an excellent record of faithfully and efficiently utilizing resources provided by voter approval to construct water projects and purchase water rights. Central’s website, www.ccwcd.org has descriptions of the projects constructed, along with statistics such as capacity, location and water rights.

Q. Will this increase my taxes? How will this be repaid?

- A. GMS property taxes will be the source of repayment for this debt. GMS has passed one tax increase for development of water supplies in 2002. This 2002 voter approved tax increase helped GMS obtain water supplies, that kept irrigation wells operating. Central’s Board will retire the 2002 bond debt 12 years early with the last payment in 2022.

If GMS is successful in 2018 with the proposed bond question, tax payers will have a projected annual tax impact of \$4.4 million dollars. To provide an example for the public to consider, a residential property with a market value of \$500,000 would pay \$1.90 per month in taxes for this proposed debt question. In reviewing the 2017 GMS tax collections, oil & gas accounted for 65% of the tax revenues, residential was 7%, farm & ranch land contributed 2%. Commercial, industrial, public utilities and railroads made up the remaining 26%. Oil & gas development of the Denver-Julesburg Basin has been very helpful by creating tax revenue for local districts such as GMS.

Q. How can we be assured that this water will be used for agriculture? Is this water going to be used for new residence moving into the Front Range?

- A. This water will be for the benefit of GMS water allotment contract holders. Presently, 98% of GMS water allotment contracts are issued for agricultural purposes. Central’s Board of Directors is dedicated to supporting irrigated agriculture in Weld, Adams and Morgan counties. Continued growth within the GMS boundaries and lands adjacent to GMS will create increased pressure on already limited water supplies. Making this water available to the GMS contract holders helps the farms that utilize wells augmented by GMS to stay economically viable and decreases the pressure on those farm owners to sell their farms and water supplies for development.

Q. Why are the projects so small, why can’t you develop larger projects?

- A. The Walker Recharge Project near Orchard has a water-right claim filed for up to 30,000 acre-feet per year and a diversion rate of 100 cubic-feet per second. This is similar in volume as Barr Lake located near Brighton and five times larger than Lower Latham Reservoir near La Salle. There are several potential gravel-pit storage options near Greeley, with capacities ranging from 2,000 to 7,000 acre-feet.

Q. Will these projects benefit recreational use and environmental issues?

- A. Existing recharge and gravel-pit storage projects owned and operated by GMS have some fantastic environmental and wildlife benefits. We have frequently observed many different species enjoying the water and the habitat supported with these projects. Operating an augmentation plan indirectly benefits the river as well. Releases from storage typically occur when area rivers are flowing at low levels, and Central's releases during these low-flow conditions contribute to these waterway's aquatic habitat in many ways. Central, Colorado Parks & Wildlife and Weld County Commissioners have interest in the development of recreational opportunities east of Greeley. Opportunities like this continue to be explored by GMS.

Q. Have you completed a study on the high groundwater near Gilcrest?

- A. Groundwater rising due to curtailed pumping and increased surface-water irrigation deliveries in Gilcrest and many other areas in the South Platte Basin have been problematic for homeowners and farmers together. This is a complicated problem to tackle given the strict water laws governing operation of well pumping in Colorado. Central has conducted an airborne ground-penetrating radar survey of the larger Gilcrest area. This data has been developed and provided to the State of Colorado by Central and is being utilized by Colorado State University, the Colorado Water Conservation Board and Department of Water Resources to refine groundwater modeling in the Gilcrest area. The work being performed by CSU and others is expected to be released in the next several months.

Q. Will these projects add value to the counties? What is the return to the taxpayers?

- A. As witnessed by many, the buy and dry of parts of the Arkansas River in southeastern Colorado by municipalities was devastating to that region. Central's Board and staff are concerned about this happening in the South Platte basin. Central fully supports and believes that developing water supplies in Weld, Adams and Morgan counties is vital as local and area economies need water to survive. We strongly feel a healthy agricultural community will continue to support the economy of the residents within GMS.

Q. Can you compete with buy and dry programs?

- A. Denver-metro area cities and their associated water utility districts have been buying senior water rights in the GMS boundaries, even as far down the South Platte River as Morgan county. These transactions have occurred for several years, and will continue. The transfers of these senior water rights to the Denver-metro region result in the "dry-up" of irrigated lands. However, GMS can provide an alternative to a willing seller so that the senior water rights being sold remain local. Additionally, GMS could provide groundwater to irrigate the farms where the municipalities have removed the surface water, helping to maintain that vital economic contribution from agriculture. Population growth will generate tremendous cash reserves for municipalities to continue buy and dry programs in the South Platte River basin. GMS intends to slow the migration of those senior water rights and preserve as much irrigated lands as possible.