

# C-BT water unit price doubles in recent months

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By Eric Brown

The price for a share of northern Colorado's largest water-supply project has nearly doubled just this year, and such upswings in prices create a tough situation for anyone in the agriculture industry who's needing more of the resource.

In January, a unit of the Colorado-Big Thompson Project was selling for \$9,500, but last month units sold for as much as \$18,500, according to officials at the Northern Colorado Water Conservancy District, who oversee operations of the C-BT Project's 12-reservoir system.

Brian Werner, a spokesman and historian who's been with Northern Water for more than 30 years, said the recent price marks an all-time high for C-BT Project shares, and added that one would have to go back to the mid-1980s to find a time when the price of a C-BT unit doubled within one year.

Water experts in the region say the skyrocketing water prices are partly attributed to recent profitability in agriculture and farmers' increased reluctance to sell their water rights.

Seeing less farmers sell their water is good news for northern Colorado's robust agriculture industry, which has watched its ownership of water decline over the years.

However, the resulting minimal amount of water on the market is pushing already high prices to a point where farmers could have even more trouble affording water if they're looking for it.

"It's certainly not farmers who are paying these high prices right now," Werner said.

For years, farmers have sold their water to growing cities in the region, either because they were retiring from farming and didn't have children taking over operations, or because they were pursuing other careers, since farming wasn't profitable at the time.

That's not the case anymore.

Increased demand for corn and other agricultural goods — stemming from droughts and upswings in biofuel production and food demand abroad — has led to higher commodity prices, and recently to some of the best income years in decades for many farmers and ranchers.

Because of that, producers still in the agriculture game want to stay in it, and they're hanging on tighter to their water.

Local water officials say growing cities in Colorado are still buying water, but there's much less of it to buy anymore.

"From my understanding, cities have already picked the low-hanging fruit," said Randy Ray, executive director with the Central Colorado Water Conservancy District in Greeley, which provides water to farmers in three counties. "For a long time, there were plenty of farmers wanting to get out of agriculture and were eager to sell their water to cities. There's not many of those farmers left now."

Ray, who's constantly in search of more water for farmers in his district, said prices for other water sources haven't increased as much as the Colorado-Big Thompson Project.

But he added that water certainly isn't getting cheaper anywhere.

"The price everywhere is only going to keep climbing, so that's why we're trying to buy it now, before it gets too expensive," Ray said of Central Water, which last fall passed a \$60 million bond issue in order to increase its water supplies. "In the early 1980s, digging new gravel pits for water storage cost us about \$200 per acre foot. Now it's about \$3,000 per acre-foot.

"Thirty years ago, water shares were in the hundreds of dollars. Now you're probably paying \$10,000, anywhere you look."

Werner noted that a recent upswing in home building in northern Colorado might be adding to the demand and price of C-BT water.

The region's oil and gas production is skyrocketing, and could also be contributing some to C-BT's water-price increases.

But, as Werner noted, the oil and gas industry uses less than 1 percent of the state's water, so that industry's increased demand can only impact things so much.

"It still probably just comes down to agriculture users not wanting to sell it anymore," Werner said.

C-BT water flows to more than 640,000 acres of irrigated farm and ranch land and about 860,000 people in portions of eight counties, according to Northern Water.

When the C-BT Project went to full use in 1957, 85 percent of its water was owned by agriculture users. Agriculture's ownership of the C-BT Project has fallen since then to 34 percent.

Overall, agriculture still uses much of the state's water — 85 percent — and does so in large part by renting water from cities.

However, in drought years particularly, renting water isn't always a reliable source. In dry times, cities are more reluctant to lease water to farmers and ranchers.

And as cities in northern Colorado continue to grow and their water supplies become more stretched, they're expected to lease even less water to agriculture.

Because of that, agricultural users have stressed the need to buy more of their own water supplies.

But the sky-rocketing price is making it difficult for Ray and others who are trying to buy water on behalf of agriculture.

"The prices certainly aren't making things any easier," Ray said. "But we'll keep looking."