



January 19, 2017

Dear Colorado-Big Thompson Project Allottee:

The Northern Water Board of Directors is considering a Resolution concerning base water supply (non-C-BT Project water) requirements for C-BT allottees seeking to replace an existing or obtain a new allotment contract. The Board will be taking public input on the Draft Resolution at 11:00 am at its monthly meetings on February 9, 2017, and March 9, 2017.

The full text of the Draft Resolution is attached, along with some specific examples associated with Class D (individually described irrigation) allotment contracts. Please contact Jim Hall at jhall@northernwater.org or by phone at 970-622-2208 if you have questions.

Sincerely,

Eric W. Wilkinson, P.E.
General Manager

DRAFT NORTHERN WATER BOARD BASE WATER SUPPLY RESOLUTION

WHEREAS:

1. The Colorado-Big Thompson (C-BT) Project provides a supplemental water supply to a population of more than 900,000 and 640,000 irrigable acres situated within the boundaries of Northern Water.
2. The C-BT Project provides a supplemental water supply on a regional basis.
3. The Board has determined that allottees receiving new allotment contracts that are not a replacement of an existing allotment contract should have a base water supply.
4. Circumstances now exist that were not envisioned in 1997, at the time the February 14, 1997 Interim Base Water Supply Policy (1997 Policy) was adopted.
5. The Board has determined replacing the 1997 Policy is now necessary to provide guidance to both Northern Water staff and C-BT allottees, to address these changing circumstances, and to best manage the water supplies provided by the C-BT Project.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The 1997 Policy is replaced by this Resolution upon Board approval of the Resolution.
2. This Resolution shall apply to all applications for new allotment contracts considered by the Board after the date of its approval.
3. Base water supplies are any water supply other than the water supplies yielded from the C-BT Project. A base water supply includes any non-C-BT water supply owned or controlled¹ by the allottee that can be legally and physically used for the same beneficial use as specified in the allotment contract.
4. For the purpose of the issuance and administration of allotment contracts, “irrigation” use shall be as defined in the 1995 Board Resolution entitled “Definition of Irrigation Use for Purposes of Colorado-Big Thompson Allotment Contracts.” The 1995 Board Resolution states “For the purposes of the classification of allotment contracts and assessment of the proper rate for use of water under an allotment contract, “irrigation” shall mean and shall include the application of water for beneficial use, without waste for the primary purpose of growing and producing crops to be harvested, or consumed by livestock, including pasture lands, and for uses incidental to the primary production of such crops.”

¹ Control, for the purpose of this resolution, shall mean that the allottee has a non-expiring contract, non-expiring agreement, share certificate, decree, or other legal document that grants the allottee the continuing right to beneficially use the designated base water supply.

5. The Board will consider the application for a new Class B, C, or D allotment contract to replace an existing allotment contract with or without a base water supply if the applicant only proposes to change the name on the existing allotment contract.
6. The Board will consider the application for a new Class B or C allotment contract to replace an existing allotment contract with or without a base water supply if the applicant only proposes to reduce the number of units associated with the existing allotment contract.
7. The Board will consider the application for a new Class D allotment contract to replace an existing allotment contract with or without a base water supply if the applicant only proposes to reduce the number of units or the number of acres associated with the existing allotment contract. If the application for a new Class D allotment contract to replace an existing allotment contract involves a reduction in the number of acres, the tract to which the new allotment contract is attached may only include land that was a part of the allotment contract being replaced.
8. The Board will consider the application for a new Class B or C allotment contract that does not replace an existing allotment contract if the applicant:
 - a. has a base water supply;
 - b. has not sold more than 50% of its base water supply since February 14, 1997; and
 - c. has not sold any base water supply outside of Northern Water boundaries since February 14, 1997.
9. The Board will consider an application for a new Class D allotment contract that does not replace an existing allotment contract if the applicant:
 - a. has a base water supply;
 - b. documents the base water supply can be delivered to the tract;
 - c. has not sold any base water supply that reduced the average base water supply per acre by more than 50% since February 14, 1997, within the service area of the irrigation ditch where the C-BT project water will be used for irrigation. When making this determination, Northern Water will consider all base water supplies and tracts the applicant has, or had a financial interest in, within the service area of the irrigation ditch, individually, as an entity, and/or as a member of an entity; and
 - d. has not sold any base water supply outside of Northern Water boundaries since February 14, 1997. When making this determination, Northern Water will consider all base water supplies the applicant had a financial interest in individually, as an entity, and/or as a member of an entity.
10. Northern Water will make a determination of the viability of each base water supply proposed by the applicant to be associated with an allotment contract based on all the specifics associated with that supply. To respond to recurring questions on the viability of certain possible base water supplies, the Board confirms the following will be acceptable base water supplies:

- a. non-potable supplies - These supplies include ditch shares, augmented alluvial wells, wells not requiring augmentation², and springs used for irrigation if the allotment contract is also for irrigation, or to water a commercial, domestic, industrial or municipal supplier's parks and/or other open spaces if the allotment contract is not for irrigation. In the case that the base water supply is a spring, the allottee must provide documentation that the spring either arises on lands owned by the allottee and is under the ownership or control of the allottee or that the allottee has control over the water produced by the spring.
 - b. North Poudre Irrigation Company shares - These shares provide a base water supply for water providers through an internal trade or exchange of the native irrigation component of the shares for additional C-BT supply.
11. The Board may consider whether proposed water supply projects are an adequate base water supply on an individual basis.
12. Notwithstanding the direction in this Resolution, the Board maintains its authority to consider the specifics of each situation concerning base water supply requirements as related to the issuance and/or the administration of new or existing C-BT allotment contracts. Further the Board will consider all other existing policies, procedures, rules and regulations when making its decisions concerning the approval of new allotment contracts.

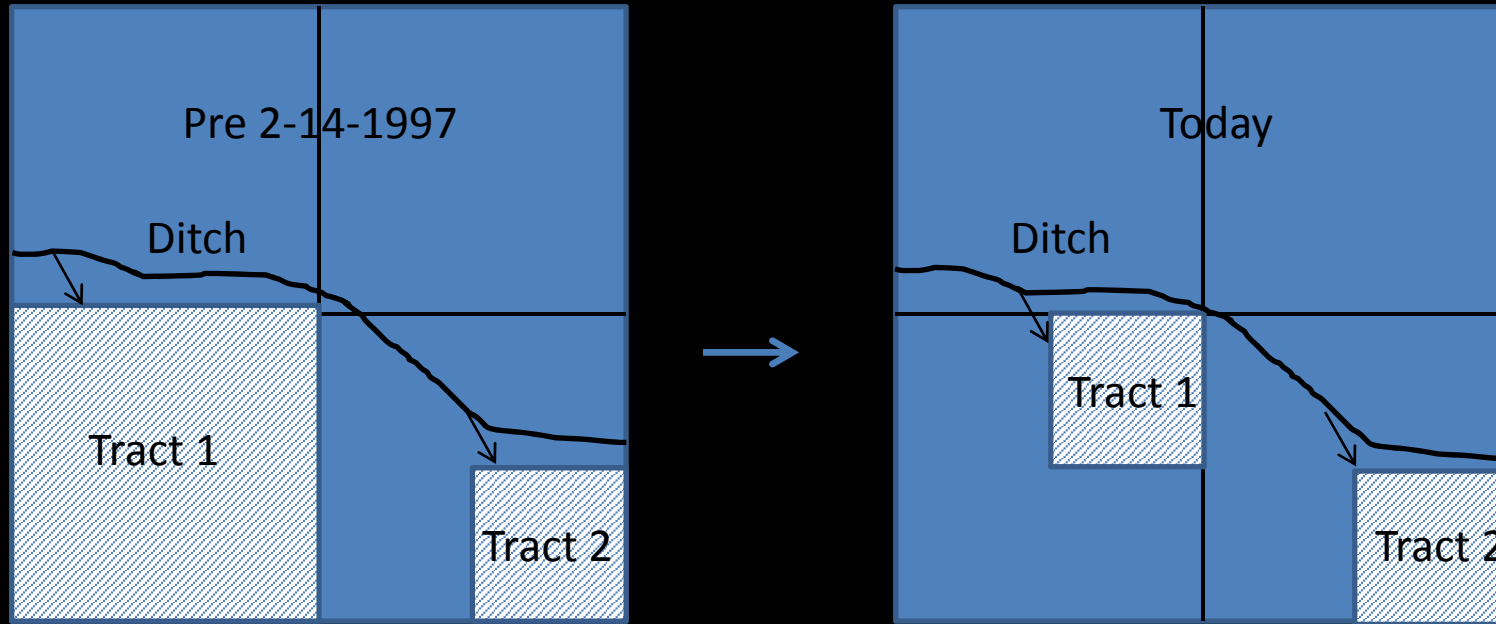
² These are wells that are legally determined to be not tributary or to be independent of the priority system.

DRAFT BASE WATER SUPPLY RESOLUTION – SECTION 9C EXAMPLES

January 12, 2017



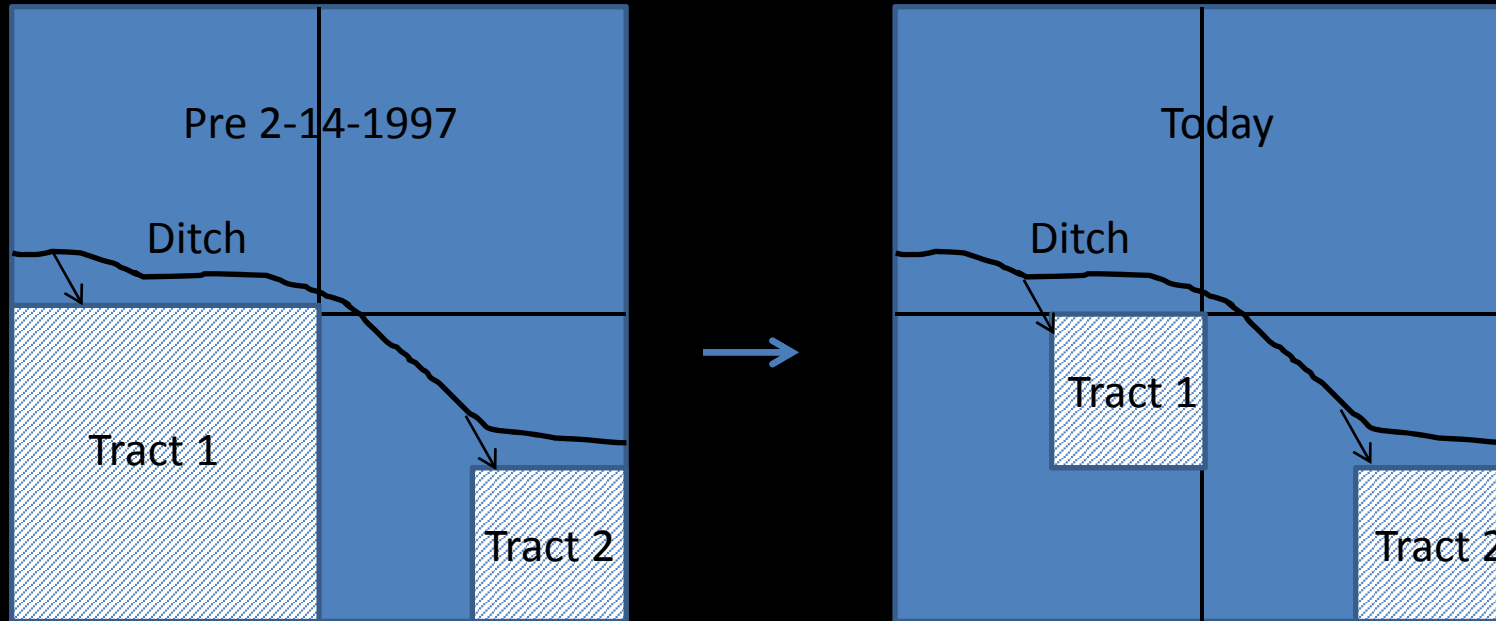
Draft Resolution – Section 9c Example 1



	Pre 2-14-1997 Acres	Pre 2-14-1997 Base Acre-Feet	Present Acres	Present Base Acre-Feet
Tract 1	160		40	
Tract 2	<u>40</u>		<u>40</u>	
Total	200	200	80	60
Base Ratio	$(200/200) = 1.0 \text{ AF/Acre}$		$60/80 = 0.75 \text{ AF/Acre}$	

50% of 1.0 AF/Acre is 0.5 AF/Acre, which is less than 0.75 AF/Acre. Thus, the allottee meets the Resolution Section 9c requirement and may add C-BT units if all other requirements are met, and the Northern Water Board approves the request for additional C-BT units.

Draft Resolution – Section 9c Example 2



	Pre 2-14-1997 Acres	Pre 2-14-1997 Base Acre-Foot	Present Acres	Present Base Acre-Foot
Tract 1	160		40	
Tract 2	<u>40</u>		<u>40</u>	
Total	200	200	80	20
Base Ratio	$(200/200) = 1.0 \text{ AF/Acre}$		$20/80 = 0.25 \text{ AF/Acre}$	

50% of 1.0 AF/Acre is 0.5 AF/Acre, which is more than 0.25 AF/Acre. Thus, the allottee does not meet the Resolution Section 9c requirement and may not add C-BT units.

**Draft Resolution – Section 9c
Example 3**

	Pre 2-14-97 Acres	Pre 2-14-97 Base Acre-Feet	Present Acres	Present Base Acre-Feet
Tract 1	160		160	
Tract 2	160		160	
Tract 3	<u>80</u>		80	
Tract 4			<u>80</u>	
Total	400	200	480	160
Base Ratio	(200/400) = 0.5 AF/Acre		160/480 = 0.33 AF/Acre	

50% of 0.5 AF/Acre is 0.25 AF/Acre, which is less than 0.33 AF/Acre. Thus, the allottee meets the Resolution Section 9c requirement and may add C-BT units if all other requirements are met, and the Northern Water Board approves the request for additional C-BT units.