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Ag Water NetWORK

WEBINAR #6 Highlights – What do Municipalities look for in an Ag Water Lease?

Recorded September 11, 2018.

City of Aurora Presentation: (Dawn Jewell, South Platte Program Manager, City of Aurora)

Aurora has engaged in agricultural water leases involving the Rocky Ford Highline Canal and the Rocky Ford Ditch. The Highline canal was an Interruptible Supply lease. The Rocky Ford Ditch project was a "lease-back" project where Aurora purchased irrigation water rights and leased back a portion of the water to farmers for a period of time.

The Rocky Ford Highline Interruptible Supply lease helped Aurora recover from the 2002-2003 drought. Characteristics of the lease included:

- The lease took place in 2004 and 2005. In 2005, Aurora split the leased water (approx. 10,000 AF) with Colorado Springs Utilities.
- Participating farmers took 10 acres out of production per leased share. About 37% of the ditch company's service area was involved.
- Roughly 8,200 acres were fallowed during the 2 year long program.
- Aurora paid ~$10.6M to participating farmers and ~ $200K for structural improvements.
- The water rights ownership did not change.

To enable the lease, Aurora:

- Developed engineering and legal analysis for the Substitute Water Supply Plan.
- Developed fallowed-area maps and monitored and ensured fallowing.
- Monitored groundwater levels, ensured weed control.

The Rocky Ford Ditch Program Continued Farming Lease-Back Program

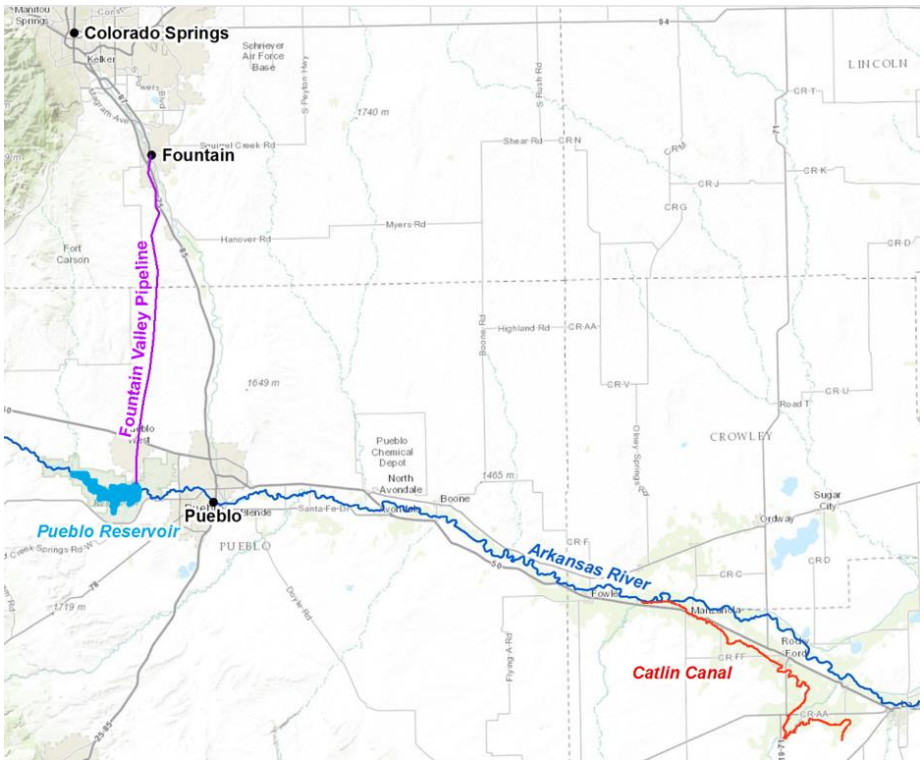
- In 2005-2006, Aurora purchased ditch water rights associated with 2,810 acres of agricultural land served by the Rocky Ford Ditch.
- Aurora leased back some water to farms and the rest went into the municipal system.

What is Aurora Looking for Now in an Agricultural Lease?

- Long-term viability and stable yield at a reasonable cost. Benefits must outweigh costs.
- Cities don't want to pay for everything necessary to lease agricultural water (engineering, legal costs, etc.) unless there is a guarantee of long-term firm yield.

City of Fountain Perspective (Mike Fink, PE., Water Superintendent, City of Fountain).

- Fountain participates in Catlin Canal (Super Ditch) pilot agricultural water leasing program that can provide up 500 acre-feet (AF) annually to the City of Fountain, the Town of Fowler and the Security Water District.
- Catlin Canal provides irrigation water to farms in the Arkansas River Basin between Rocky Ford and La Junta.
- Six participating farms representing 902 irrigated acres fallow up to 30% of their land annually to 'free up' water for the pilot leasing project *(source: LAVWCD).*
- Water exchanges are made through Pueblo Reservoir. Water that would otherwise go to the Catlin Canal is delivered to Pueblo Reservoir and then pumped to Fountain via the Fountain Valley Pipeline.



- Adequate "plumbing" is necessary to enable leases; i.e. reservoirs for exchanges, pipelines and pumps to move water to the municipal customer.
- Fountain pays $500 / AF for the irrigation water. Transmission and treatment of the water costs the city another $190 / AF. The water is fully consumable when Fountain receives it.
- Participating farmers are required to make up for absent return flows (from fallowed fields) by using recharge ponds (lagged return flows) and direct flow through augmentation stations *(source: LAVWCD).*
- Fountain is currently negotiating a 40-year lease of Catlin Canal irrigation water in an amount that may exceed 500 AF.
- Agricultural water leases provide a level of redundancy that is essential in the event of a crisis like the PFC contamination which was discovered in the Widefield Aquifer where Fountain has wells and has previously leased water from Venetucci Farms.
- Water quality in the Widefield Aquifer tends to decline as water moves from North to South (Colorado Springs down to Fountain). High quality agricultural water can be mixed with other water to help meet drinking water requirements.