

“Working Hard to Protect the Waters of the Upper Basin”
UPPER SOUTH PLATTE WATER CONSERVANCY DISTRICT
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August 2, 2017

Park County Land & Water Trust Fund Advisory Board
Park County Board of County Commissioners

RE: Lone Rock H2O – water purchase for Fairplay Beach
Final Report, Project Completed

Dear Board Members:

I am pleased to provide to all of you a final report with the successful completion of the above mentioned project. It took far longer than anyone could anticipate, but it has been finalized with a closing on the water in late June.

The three (3) partners in the original creation and completion of the Fairplay Beach recreation area was the Town of Fairplay, Upper South Platte Water Conservancy District, and Park County. The project was initiated in 1988, and completed in 1990.

The Town was to provide the land and water rights, USPWCD obtained a Fishing is Fun grant from the Division of Wildlife to fix the breach in the reservoir. The District also installed a flow tube, and set the control point (outlet elevation) and the spillway / water course out of the pond. Our board members also provided engineering and site work for the reservoir and surrounding recreation area. A pedestrian bridge was constructed for the spillway area by the USPWCD board of directors at that time. The footbridge still stands today.

Park County contributed heavy equipment, materials, and labor to dredge the pond at the control point, completed the historic access road / spillway,

and prepared the walking paths for pavement. Other grants paved the walking areas, and funded the sanitary facilities located there.

The Fairplay Beach has become a magnet for outside activity in Fairplay. Water amenities attract people. I have personally observed over the years the present Beach being used all times of the year. It is still stocked by the Division of Park & Wildlife each year for their free fishing weekend events.

The new stair access from Front Street has made the Beach much more accessible to the public from different access points. It is a free use facility, although a permit is required from the Town for gold panning. Two years ago, after the Town attempted to dredge the bottom of the Beach pond, the local water commissioner became involved.

He stated that the original 1990 IGA between the three parties required the Town to augment the losses of evaporation / transportation the pond incurred each year. There were no dedicated water rights, or water augmentation plan that included the pond. This had to be addressed, and augmentation water obtained to cure this defect for the Beach to continue having a pond.

In 2006, the USPWCD and the Center of Colorado Water Conservancy District (CCWCD) entered into a purchase and sale agreement for 30 acre feet of water rights on Deer Creek, within the North Fork of the South Platte River. In addition, the two Districts also negotiated an option agreement on an additional 10 acre feet of water rights. We had the right of first refusal to purchase these "extra" water rights, with specific conditions.

Since the Town needed augmentation water, and the two Districts had this option for senior water rights, it made sense to use this water to solve the problem. The CCWCD graciously allowed us to assign their option.

We made a formal application in support of the Town of Fairplay in 2015 for a funding request to purchase the water within the terms of the option agreement. The purchase price was \$13,000 per acre foot of water rights. The brought the total to \$130,000 for the request to the Land & Water Trust Fund Advisory Board.

With a recommendation for approval at that meeting, the BOCC also approved the project and the funding amount.

Due to circumstances outside the three partner’s control, the closing and ultimate finalization of the purchase agreement took two years! However, persistence paid off, and on June 25th, the paperwork was finally completed.

This required formally placing this “new” block of augmentation water into the HASP (Headwater Authority of the South Platte) 12CW50 blanket augmentation plan. This explains the 1/3 each to the IGA partners for those transaction costs.

In order to provide additional information to the three partners additional in kind costs are as follows;

<u>ENTITY NAME:</u>	<u>CATEGORY:</u>	<u>EXPENSES:</u>
Town of Fairplay	Legal expenses	\$12,510
	Augmentation costs	\$16,810
<i>*Includes application fees, engineering, & augmentation water</i>		
USPWCD	Legal expenses	\$4,340
	Transaction costs	\$4,670
Park County	Legal expenses	\$5,000
	Transaction costs	<u>\$4,670</u>
	TOTAL:	\$48,000

All of these expenses were paid for by each entity, per the terms of the IGA. The Town had additional augmentation expenses until the water sale was closed in June.

The Town has now become a customer of HASP, and this water, minus a portion sold to Park County of .435 acre feet, which was surplus to the augmentation needs of 9.6 acre foot. The total water rights purchase at closing was 10.05 acre feet. Therefore, per the terms of the IGA, Park County was able to purchase any “additional” water rights for Road & Bridge augmentation water.

The Town has covered the augmentation needs for losses attributable to the Beach pond for today and into the future. They will have to pay an annual fee to HASP, but this will insure legal water to be held at the Beach for the public to use. The Water Commissioner has now has no issue.

And, each of the three IGA partners has an undivided share (1/3 each) in the permanent / absolute storage rights which were approved in 1992. They are a 1989 decreed storage right, but in free river times, the partners can be awarded storage rights in the Beach.

This deal allowed an asset which was not being utilized to fill a specific need for augmenting the Beach pond. HASP realized a new customer, and the Town was relieved of this cost prohibitive and expensive burden to augment the Beach. The County invested in a main partner community, and county seat. The water will be in the pond for public enjoyment.

HASP currently charges \$30,000 per acre foot of 100% consumptive use water. The equivalent cost of just this amount of water to the Town would be \$288,000, plus the transaction costs. This is a considerable savings to the Town and the three partners.

We are proud to have this important project completed and finalized. If you have further questions, please contact me directly at dbwissel@msn.com or call at 719.836.2484.

On behalf of the three partners, we very much appreciate your support for this beneficial project in Park County.

Sincerely,

David B. Wissel
President, Upper South Platte Water Conservancy District

CC: Town of Fairplay
Park County