New Cache la Poudre Water Marketing Strategy

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Poudre River Forum
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New Cache Irrigating Company System
Municipal/Industrial Water Gap
Causes of Irrigation Agriculture Losses – South Platte

- **Urbanization**: 14,000 acres (12%) to 18,000 acres (15%) to 66,000 acres (53%)
- **Recruitment**: 28,000 acres (24%) to 180,000 acres (22%) to 267,000 acres (32%)
- **Planned Municipal and Industrial Water Transfers**: 51,000 acres (19%) to 77,000 acres (29%)
- **Unknown Water Transfers**: 109,000 acres (20%)

**Statewide Total**: 500,000 to 700,000 acres (15 to 20%)
Increases in Sprinkler and Conveyance Efficiency =

• 26-51% Loss of Wetlands
• -$5,647/ha economic value

(Smith, 2012)
Water Marketing Strategy

• Bureau of Reclamation Water Smart Grant
• Colorado Water Conservation Board ATM Grant

• GOAL – Wet Water Trade Agreement
• Develop a legal framework for the efficient voluntary transfer of water through non-diversion agreements, dry-year options, and groundwater recharge, etc.
• Outreach, Education, and Partnership Building
Jumping Hurdles

• Certainty: acquisition provides a better guarantee to service new demands
  • Develop long-term contracts
  • Write contracts to provide certainty
  • Analyze the source of supply

• Cost: long-term leases are more expensive than just buying water
  • Depends on escalation and discount rates
  • Depends on negotiated terms
  • Poudre Basin is experiencing rapid price escalation

$50,000/AF @ 5% = $2,500/AF

• Dedication Pattern: dedicated supply for each new tap
  • Portfolio approach to supply
  • How can non-traditional supplies improve portfolio
  • Cash in lieu policies
Why the New Cache Works

• **Shareholder & Ditch Company Interest**
  • Significant % of interested shares
  • Management interest

• **Multiple Transfers & End Users**
  • See map ➔
  • Demand extends to South Denver

• **Large Company & Water Supply**
  • Scale is sufficient to explore options
  • 58,000 AF and 32,000 acres

• **Diverse Water Rights & Supply**
  • New Cache la Poudre Irrigating Co.
  • Cache la Poudre Reservoir Co.
  • Lower Poudre Augmentation Co.

• **Precedence**
  • 6 existing change cases
  • Existing water lease agreements

• **Grant Funding to Secure Agreement**
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THE NEW CACHE LA POUДRE IRRIGATING COMPANY
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