

Action delayed on proposal to tap Arkansas River water

By KAREN E. CRUMMY | THE ASSOCIATED PRESS | Posted: Thursday, July 28, 2011 12:00 am

The Elbert County commissioners are postponing action on a proposal to build a 150-mile pipeline to bring Arkansas River water from the Lamar area to Elbert County.

The commission on Wednesday reviewed presentations to expand the reach of a small local water district to the entire state — a move potentially benefiting the oil-and-gas industry and changing the region's landscape.

On Wednesday, the board heard from community members about the proposal.

The 39-acre Elbert and Highway 86 Commercial Metro District, first created nine years ago, intends to build a 150-mile pipeline from the Lamar area to Elbert County. Water from the Arkansas River would be pumped up to the county, which is southeast of metro Denver.

C & A Development Co. requested a 30-day continuance for more public review of the proposal.

The commissioners approved the request for a continuance until its Aug. 24 meeting.

"What is the hurry?" said John Dunn, a former county commissioner who was one of about 150 citizens to attend a meeting last week on the project. "We want more time to look at this."

Elbert County lacks a renewable water source, such as a river fed with yearly snowmelt. Instead, the county relies on underground aquifers, which are generally being depleted faster than they replenish. To encourage economic development and stabilize water rates, the county must import water, said the district's director, Karl Nyquist, in a letter Friday to the Wild Pointe Ranch Homeowners Association.

But the plan — particularly the speed with which it is being considered and the secrecy surrounding it — has raised eyebrows in the rural county.

In the past 15 months, gas and oil companies have paid out \$25 million for leases, and they are expected to spend another \$25 million by the end of the year as the industry expands in Elbert County, said Craig Curl, the county's independent consultant and director of the Elbert County Enterprise Authority.

Bypassing planning

Oil and gas exploration requires millions of gallons of water.

Because the water district, which now provides residential and commercial service in the Wild Pointe development, asked to expand its service rather than create a new entity, the proposal wasn't legally required to go through the county's planning department.

On July 7, the county recommended approval of the district's expansion. Six days later, the county commission held a public hearing.

If the plan passes, it wouldn't be the first time the Elbert County Commission approved the creation of a statewide water district. In 2002, it backed the controversial formation of United Water and Sanitation District — Colorado's first statewide district. It consists of a 1-acre patch of land that can serve water users across the state.

So far, the public hasn't been told much about what the expanded district would do.

The service plan includes provisions permitting the district in certain situations to impose mill levies — new taxes — within its boundaries as high as \$30 for every \$1,000 of taxable property to pay off debt or for operations and maintenance. State law generally requires district property owners to vote on mill-levy increases.

Conflict of interest?

Additionally, the water being pumped from the Arkansas River is owned by an investment group partly owned by Nyquist, according to his letter to homeowners. It's unclear whether that group is or is associated with C & A Co., a development company of which Nyquist is chief executive. C & A Co. is negotiating with the Highway 86 district to handle some of its infrastructure needs, according to Nyquist's conflict-of-interest disclosures filed with the Colorado secretary of state. Nyquist is out of town this week and unavailable for comment, according to his office.

In the same email to homeowners, Nyquist denied that the district plans to sell its water to oil and gas companies. But, he wrote, his investment group "could undertake such a project" but has "not had any discussions with oil and gas to date."

Curl, however, said the district's project will have "some bearing" on the explosion of oil and gas leases in the county.

And when asked if he could assure county citizens at the Saturday meeting that their groundwater would not be pumped out of the county, Curl said: "Not at all," and referred that question as well as others to the district. After the conversation became heated, Curl walked out of the meeting.

The pipeline and other projects will be financed through bonds, mill levies and fees, according to the district's proposal, but even estimated costs have not been disclosed.

Commissioner Kurt Schlegel had hoped the meeting at the Elbert County Fairgrounds would address a number of questions from the public and

"clear up any misrepresentations."

Commissioners Del Schwab and John Shipper did not respond to emails seeking comment.