

Pipeline cost pegged at \$340 million

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Developers who want to build a 150-mile pipeline from Lamar to growing communities in El Paso and Elbert counties estimate it would cost about \$340 million to construct.

“We believe we can build it cheaper than government engineers would estimate,” said Karl Nyquist, CEO for the GP Water Group. “We’ve done a fair amount of this type of work, and there are a few similar projects we’ve watched.”

GP Water proposes to build a 24-inch diameter pipeline to deliver water from rights it owns on the Lamar Canal. Customers would include the Cherokee Water and Sanitation District near Colorado Springs, and potentially other users in Elbert or El Paso counties. It would deliver up to 12,000 acre-feet annually.

The primary purpose of the project is to provide renewable water to growing communities that are now mining the Denver Basin aquifers as more wells are drilled.

GP says it can deliver water for \$6-\$6.80 per 1,000 gallons, a price competitive with existing rates in many Front Range communities.

During an interview earlier this week, Nyquist was reluctant to share costs of the project, because there are competing alternatives. He changed his mind Friday.

“We need to be as open as possible,” he explained.

GP’s engineering team estimates it would cost between \$330 million and \$340 million to build the proposed pipeline. The cost includes the water, pump stations, a treatment plant at Lamar and the pipeline.

“We’re fairly confident about the figure,” Nyquist said. “There are some very competitive costs for materials right now.”

There would also be costs associated with treatment and transmission. Water would have to be treated for high salinity and pumped at least 2,400 feet uphill.

The costs appear to be less than other projects either under construction or recently proposed in the Arkansas River basin:

The Southern Delivery System will cost Colorado Springs, Security, Fountain and Pueblo West about \$880 million to build, but its main feature is a much bigger 66-inch diameter pipeline that runs for 50 miles from Pueblo Dam to El Paso County. The project is under construction. It requires three pumping stations for about 1,200 feet of elevation gain. SDS would deliver about 50,000 acre-feet annually.

The Arkansas Valley Conduit construction cost was estimated at about \$330 million in 2007. It includes a more rudimentary treatment plant at Pueblo Dam and some pumping, but would flow primarily by gravity to Lamar, about 130 miles away, and 1,200 feet of drop in elevation. Some of the pipe would be larger than 24-inch diameter, and a portion of it would be smaller since the pipe size decreases as communities are served along the way. The conduit would deliver about 14,000 acre-feet annually. The pipeline is undergoing environmental review by the Bureau of Reclamation.

Pure Cycle proposed a \$400 million, 150-mile pipeline from the La Junta area to Arapahoe County in 2006, after it purchased High Plains A&M’s land and water on the Fort Lyon Canal. Specific engineering details were not made available. The gain in elevation would be similar to the GP project. The volume of water was much greater, however, estimated at up to 60,000 acre-feet per year. The pipeline has been put on hold for now as Pure Cycle explores other options.

GP Water has purchased about 40 percent of the Lamar Canal over the past nine years, which it estimates would yield 8,000-10,000 acre-feet of consumptive use annually.

In most court decrees for water transfers, only the consumptive use of water may be moved. The Lamar Canal water rights have already been changed to allow multiple uses, but GP would need a new decree to use the water in a new location.

GP plans to be able to move the water within five years.

The company also has scheduled a series of meetings in all of the affected counties which will lead up to an Aug. 24 decision by the Elbert County commissioners on whether to expand a special district that serves the Wild Pointe Ranch, a development created by GP business partners.