

## **Funding Request to the Park County Land and Water Trust Fund**

### **1. Applicant Information**

Indian Mountain Metropolitan District (IMMD)  
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### **2. Description of Project: Scope of Work**

The goal of this project is to develop and implement a voluntary opt-in water service program (WSP) that will enable property owners in the Indian Mountain community to augment their wells. The WSP will be available to some 650 Indian Mountain property owners who have operating wells and to new well owners in the future.

The IMMD will purchase water from HASP per an intergovernmental agreement and, in partnership with HASP, administer a water service program involving certified water meters and monthly reporting. The program will be guided by the business principles of (1) public governance by an elected board of directors, (2) full public transparency, (3) a cost-standard based upon actual and reasonable costs without any profit or ROI, and (4) an annual financial audit with public disclosure.

### **3. Need for the Project**

The Indian Mountain (IM) subdivision is a 10,000-acre community comprised of 2,500 lots and 2,200 property owners, including some 650 wells for the full-time and seasonal residences. The unique quandary IM faces is that the community does not own or control its water augmentation plan. That is, the IM Water Augmentation Plan (W-7389) approved in the early 1970s was never transferred from the developer to the community. This long-standing problem has led to a significant distrust and animosity between the IM property owners and the rancher currently operating as Bar Star Water Company (formerly Indian Mountain Corp or IMC).

In 2015, the State District Court ruled that the IM Water Augmentation Plan was held by IMC in a “constructive trust” for the community and that IMC could only charge residents the “reasonable and actual costs” to operate the augmentation plan. In 2016, the State Appellate Court reversed this ruling and said that the IM Water Augmentation Plan was NOT held by IMC in a “constructive trust” for the community and that IMC could charge residents whatever the market will bear to operate the augmentation plan.

In response, the Indian Mountain community strongly voiced its opinion and support for the Indian Mountain Metropolitan District to develop an alternative water service program based upon the business principles listed above.

The District is a non-profit political subdivision of the State organized under Title 32 Article 1 of Colorado State law and approved by the Park County Board of County Commissioners (BOCC) to provide park, recreation and water services solely to the Indian Mountain community. The District has taxing authority to provide these services (currently a 6.943 mill levy generating some \$150,000 in revenue annually). No change in the mill levy is anticipated.

#### **4. How does the project meet the Trust Fund Mission Statement**

This project fits under the LWTF's Mission Statement to preserve, protect, improve and maintain Park County's remaining water resources and lands associated with water resources. The IMMD's water service program will place the control of the community's water augmentation in the hands of a governmental agency led by elected officials from the community. Furthermore, IMMD is uniquely authorized to protect the well-being of the community in important service areas, including water augmentation. In addition, the HASP augmentation plan under which the IMMD program will operate adheres more closely with what the Colorado Division of Water Resources requires of modern augmentation plans (e.g., metering and reporting of usage by each well owner and more realistic assumptions about depletion than the now outmoded augmentation plan W-7389, which was one of the first of its type approved in Colorado.

#### **5. Community Support**

On January 3, 2013, after a year-long community planning process, the BOCC unanimously approved a change in the name and service plan of the Indian Mountain Recreation and Park District to the Indian Mountain Metropolitan District. This change enabled the District to operate and manage water services. The BOCC's approval of the modified service plan lends support for this funding request by authorizing the District to provide water services, as excerpted:

*Water Services. The District shall have the power and authority to finance, design, construct, acquire, install, maintain and provide for potable water and for the maintenance, conservation, and community access to water resources within the District.*

*The District shall have the power and authority to finance, design, construct, acquire, install, maintain and provide services associated with the ownership and administration of the Indian Mountain water augmentation plan, including the plan's water rights, facilities, transfer system, storage reservoirs, access, easements, ditches, gates, and other incidental and appurtenant facilities. The District shall have the power and authority to contract with other private and governmental entities to provide any or all of the services associated with the Indian Mountain water augmentation plan.*

Additional support for this project is evidenced in the attached letters:

- Indian Mountain Property Owner's Association
- Upper South Platte Water Conservancy District

## 6. Project Partners

Indian Mountain Property Owner’s Association. IMPOA is a Colorado non-profit corporation with Federal 501 C (4) certification. Concerned property owners formed IMPOA in 1985 “to promote the health, welfare, safety and interest of the members who are owners of real property in the Indian Mountain Subdivision, Park County.” It is a voluntary membership dues-based organization that shares in the governance of Indian Mountain. IMPOA has been engaged as a full partner with IMMD in the development of the IM Water Service Program and has pledged to contribute \$60K as part of the match in this funding request.

Headwater Authority of the South Platte. The Upper South Platte Water Conservancy District (USPWCD) and the Center of Colorado Water Conservancy District (CCWCD) serve Park County and portions of Teller, Douglas, Jefferson and Clear Creek counties. The two districts joined together to form the Headwater Authority of the South Platte (HASP). HASP operates a water rights enterprise through which it will make augmentation water available for sale to customers throughout the Districts' service areas. HASP has two programs - a current water sales program and the Blanket Augmentation Plan. HASP sells and leases water.

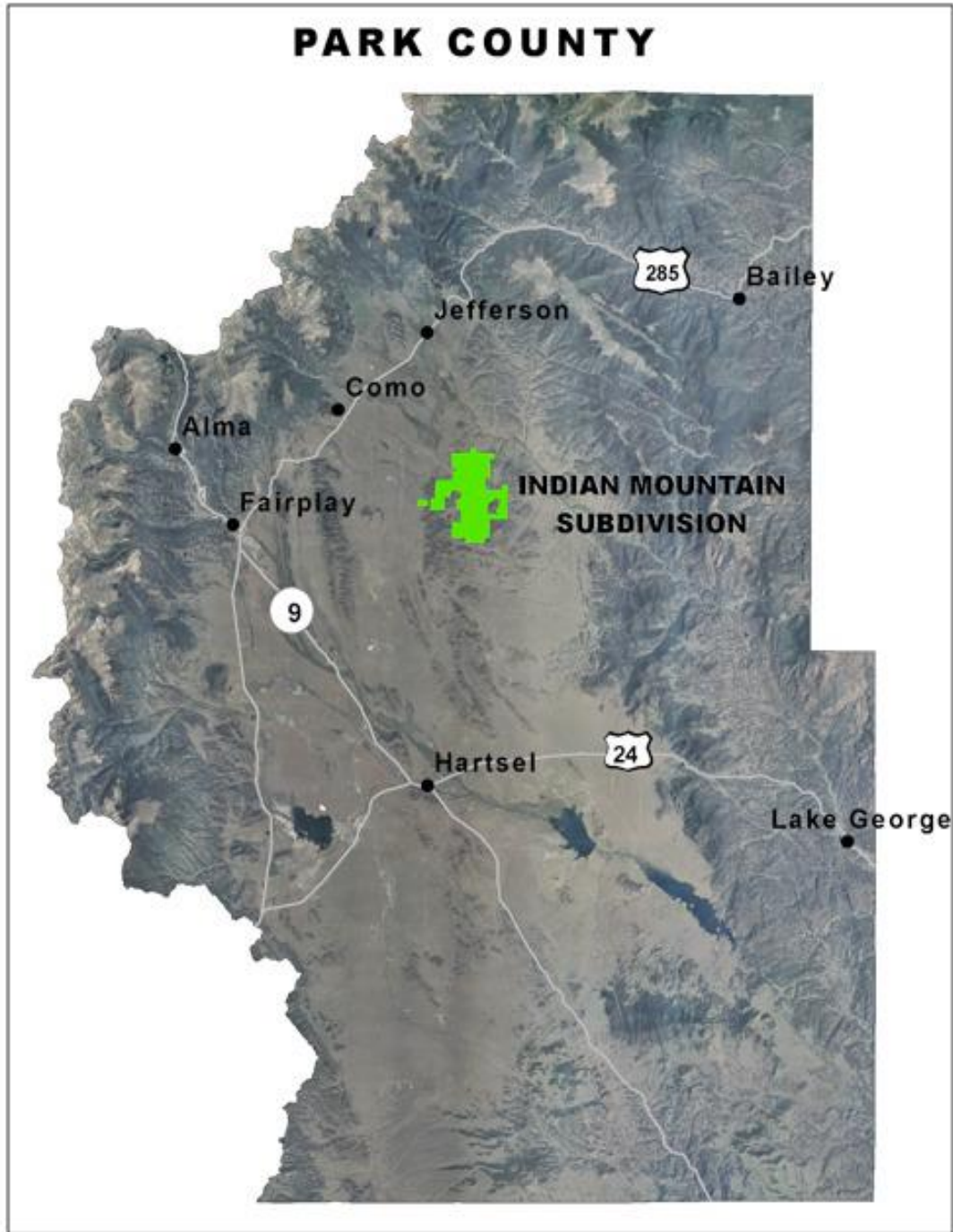
IMMD has been working closely with HASP to develop its Water Service Program and will continue to do so in the management of the program. It is a unique partnership of a scale and complexity that will become a showcase for water management in the future.

## 7. Budget Description

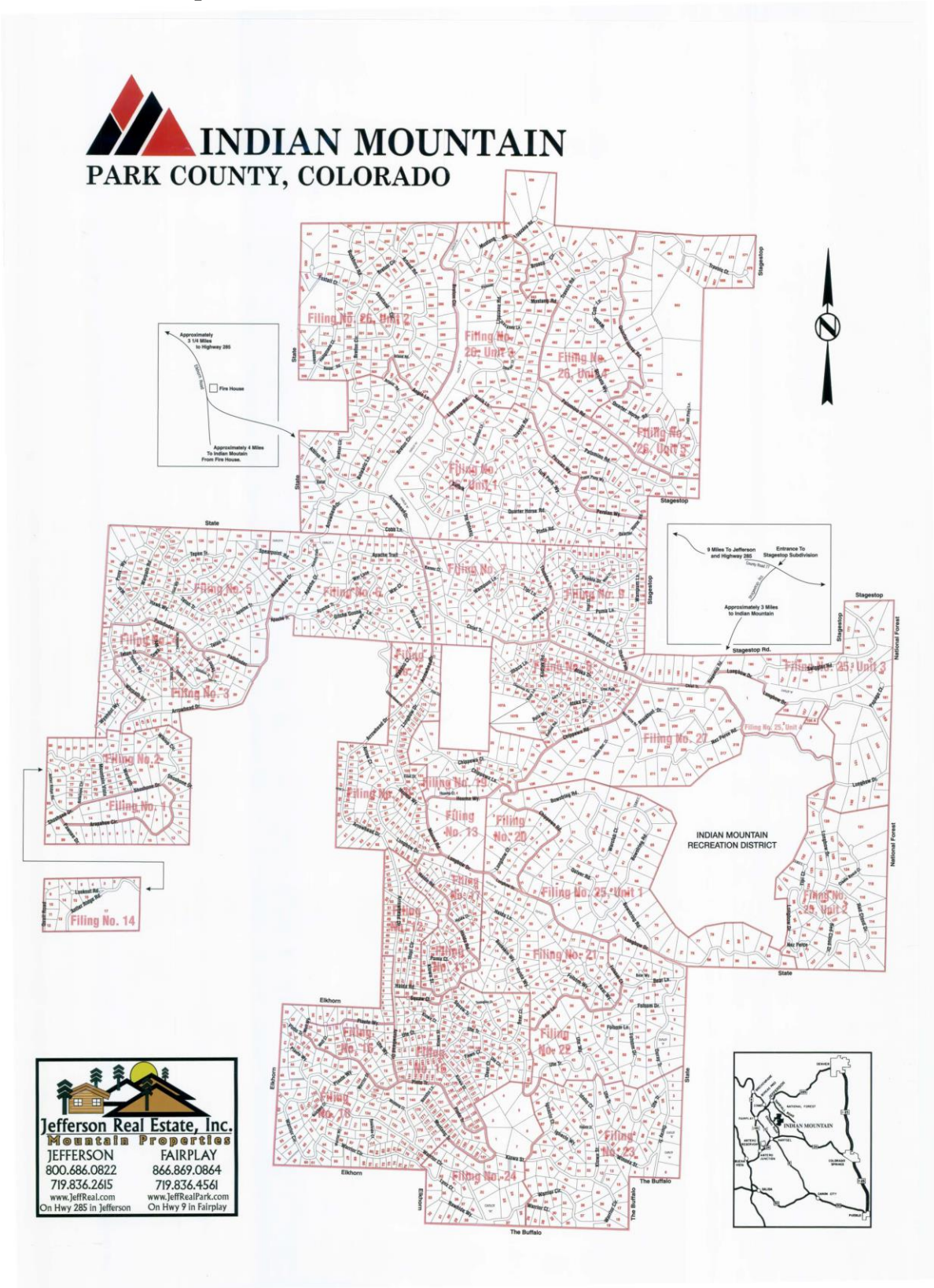
**Financial Goal: To secure up to 11 acre-feet of HASP augmentation water to serve 400 Indian Mountain well owners which IMMD judges to be sufficient for the next 5 years.**

<b>WSP Water Acquisition Budget</b>	
IMMD WSP Costs for Water Acquisition (one-time cost)	
• 11 acre feet of HASP water at \$30,000 per ac ft. =	\$330,000
IMMD WSP AVAILABLE MATCHING MONIES	
• Donation from IMPOA @ \$20,000 per year for 3 years =	\$60,000
• \$150 application fee paid by 400 WSP enrollees =	<u>\$60,000</u>
• TOTAL MATCH =	\$120,000 (36%)
FINANCIAL REQUEST TO LWTF	
• Dollars requested from PC Land & Water Trust Fund =	\$210,000
• The loan would accrue interest at a 1% annual interest rate	
• The LWTF loan to IMMD would be over three years at \$70K per commencing in 2017	
• The IMMD payback to LWTF would be over 5 years commencing in 2019	
• See Section 10 Timeline for details	

### 8. Area Map of Indian Mountain Subdivision



### 9. Subdivision Map of Indian Mountain



### 10. Timeline

Financial Transactions	2017 Start	2018	2019	2020(a)	2021	2022	2023 Completed
Payouts from LWTF to IMMD over 3-years.	\$70,000	\$70,000	\$70,000				
Payments from IMMD to HASP for purchase of up to 11 acre-feet (b).		\$110,000	\$110,000	\$110,000			
Payments from IMMD to LWTF, including 1% interest = approx. total \$225,000.		none	\$30,000	\$30,000	\$55,000	\$55,000	\$55,000
Total IMMD payout per year		\$110,000	\$140,000	\$140,000	\$55,000	\$55,000	\$55,000
Application fee revenue to IMMD from 400 enrollees	\$22,500 150 enrollees	\$15,000 100 enrollees	\$7,500 50 enrollees	\$7,500 50 enrollees	\$3,750 25 enrollees	\$3,750 25 enrollees	
IMPOA donation to IMMD for water		\$20,000	\$20,000	\$20,000			
IMMD payout from property tax revenue		none	\$35,000	\$42,500	\$51,250	\$51,250	\$55,000

(a) 2020 is the last year for IMMD to pay \$45,000 per year on its lease/purchase used for the construction of its community center.

(b) Actual amount of HASP water purchased annually would be based upon expressed demand as evidenced by the # of IM well owners applying to join the WSP and installing certified wells.

### 11. Reporting

IMMD will provide a copy of its annual WSP audit to the LWTF and be available for any questions or concerns.